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TTAB

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

HILL DESIGN, INC.,

Opposer,

v.

ROYLCO, INC.

Applicant.

Applicant: Roylco, Inc.

Marks: BROWN BAG CRAFTS  
BROWN BAG CRAFTS and DESIGN

Opposition No: 91158755

Serial Nos: 76/299,860 and 76/299,861

Atty. Docket No: 029102.00006

U.S. Patent and Trademark Office  
Trademark Trial and Appeal Board  
P.O. Box 1451  
Alexandria, VA 22313-1451

To the Trademark Trial and Appeal Board:

TRANSMITTAL LETTER

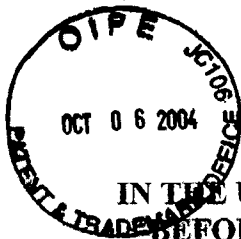
Please find the following correspondence items enclosed for filing in the United States Patent and Trademark Office:

1. *Pleadings From Civil Action Case No: 8-04-CV-1397-27 Pending in the United States District Court, District of South Carolina*, with attached Certificate of Service (in triplicate); and
2. Return receipt postcard.

Respectfully submitted,

Douglas W. Kim  
Reg. No. 44,828  
McNAIR LAW FIRM, P.A.  
P.O. Box 10827  
Greenville, SC 29603-0827  
Tel: 864-232-4261  
E-mail: IPdocket@mcnair.net  
Attorneys for the Applicant





HILL DESIGN, INC.,

Opposer,

v.

ROYLCO, INC.

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**PLEADINGS FROM CIVIL ACTION CASE NO: 8:04-CV-1397-27  
PENDING IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF SOUTH CAROLINA**

On September 21, 2004, Applicant Roylco, Inc., by and through its undersigned attorneys, requested that the Trademark Trial and Appeal Board suspend these opposition proceedings pending the resolution and final determination of the civil action currently pending in the United States District Court for the District of South Carolina, Civil Action No: 8:04-CV-1397-27 (the "South Carolina action"). *See* T.T.A.B. § 510.02(a).


In correspondence mailed September 28, 2004, the TTAB requested that the pleading in the above captioned case be submitted to the TTAB for its review. In response, Applicant respectfully submits the Complaint (Exhibit A) of the Applicant as well as the answer (Exhibit B) of the opposer.

Further, the District Court for the District of South Carolina, in an order denying the opposer's motion to dismiss or transfer the South Carolina action, requested the parties to submit

briefs concerning the applicability of "primary jurisdiction" in the South Carolina case. For the reasons submitted in its brief (Exhibit C), Applicant stated that the doctrine of primary jurisdiction should not apply and that the District court should not stay the proceedings pending a resolution in the TTAB since the same issues are present in both matters; staying the TTAB proceeding is in the interest of judicial economy; and proceeding with the TTAB matter would result in unnecessary delay, confusion and duplicative efforts.

Respectfully submitted,

McNAIR LAW FIRM, P.A.  
Post Office Box 10827  
Greenville, SC 29603  
864-232-4261

By:   
Douglas W. Kim, Reg. No. 44,828  
Attorneys for the Applicant

Date: Oct 4, 2004

FILED

MAY - 4 2004

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
~~GREENVILLE~~ DIVISION  
ANDERSON

LARRY W. PROPPES, CLERK  
U. S. DISTRICT COURT

ROYLCO, INC.,

Plaintiff,

v.

HILL DESIGN, INC.,

Defendant.

Case No: 8: 0 4-1 3 9 7-2 0

COMPLAINT  
AND  
JURY DEMAND

By and through its undersigned counsel, Plaintiff Roylco, Inc. states its complaint for Declaratory Judgment as follows:

**Parties and Jurisdiction**

1. Subject matter jurisdiction is proper pursuant to 15 U.S.C. § 1051 *et seq.* and 28 U.S.C. § 2201 *et seq.*

2. Plaintiff, is a New York corporation having its place of business at 3251 Abbeville Highway, Anderson, South Carolina 29624.

3. Upon information and belief, Defendant is a New Hampshire corporation with a principal place of business at 50 Route 3A, Hill, New Hampshire 03243.

4. Defendant distributes its products in over forty states and Canada, including South Carolina.

5. Defendant distributes its products in the state of South Carolina through a South Carolina distributor and retail outlet.

EXHIBIT

A

6. Thistle Imports, located at 200 Ginger Lane, Easley, South Carolina 29640, is held out by Defendant as a South Carolina retail location of Defendant.

7. Defendant is subject to personal jurisdiction in this state.

**Facts Common to All Counts**

8. Plaintiff is in the business of manufacturing and selling educational hobby craft sets principally directed to children, parents and teachers.

9. Examples of Plaintiff's products include finger puppets, bead kits, structure sticks, dolls, jump ropes, and picture frames.

10. Plaintiff's products are marketed with illustrations of Plaintiff's goods.

11. On or about August 13, 2001, Plaintiff filed two trademark applications, Serial Nos. 76/299,860 and 76/299,861, for the marks BROWN BAG CRAFTS and BROWN BAG CRAFTS and DESIGN to memorialize its rights in these marks in connection with Plaintiff's goods.

12. In contrast, Defendant is in the business of manufacturing and selling ceramic molds principally used for making cookies and collecting.

13. Defendant filed an application for the mark BROWN BAG COOKIE ART on June 1, 1984 and received Registration No. 1,355,720 in association with cookie molds on October 22, 1985.

14. Defendant filed an application, Serial No. 78/176,372, for the mark BROWN BAG on October 21, 2002 for use in connection with ceramic cookie molds, and received Registration No. 2,831,893 on April 13, 2004.

15. Defendant filed an application, Serial No. 78/212,170, for the mark BROWN BAG COOKIE ART on February 7, 2003 for use in connection with printed goods.

16. Defendant filed this application with knowledge of Plaintiff's rights.

17. On or about August 13, 2001, Defendant filed a Notice of Opposition to Plaintiff's trademark application.

18. Defendant has threatened legal action against Plaintiff for trademark infringement.

**COUNT I**  
**(Declaratory Judgment – No Likelihood of Confusion)**

19. Plaintiff incorporates paragraphs 1-18 by reference as if fully set forth herein.

20. Plaintiff uses its marks in connection with educational hobby craft sets for children.

21. Defendant uses its marks in connection with cookie molds.

22. Defendant knows of no instance of actual confusion.

23. There is no likelihood of confusion between Plaintiff's marks or applications, Serial No. 76/299,860 and 76/299861, and Defendant's registrations or marks.

24. There is no trademark or service mark infringement by Plaintiff.

**COUNT II**  
**(Fraud on the Trademark Office)**

25. Plaintiff incorporates paragraph 1-24 by reference as if fully set forth herein.

26. In its opposition, Defendant supports its allegations by using registrations and applications have been previously filed with the Trademark Office but are no longer valid. (Opposition attached hereto as Exhibit A).

27. Defendant lists "Previous Reg. No. 1,904,447" in support of its rights in its Opposition. Registration No. 1,904,447 was cancelled on July 20, 2002 due to Defendant's failure to comply with the requirements of Section 8 of the Lanham Act.

28. Defendant failed to comply with Section 8 for prior Registration No. 1,904,447 since it failed to show that the mark BROWN BAG COOKIE ART was presently used in commerce.

29. Defendant failed to show why its non-use was excusable.

30. Further, Defendant lists "Previous Reg. No. 1,955,388" to support its rights in its Opposition. Registration No. 1,955,388 was cancelled on November 9, 2002 due to Defendant's failure to comply with Section 8 of the Lanham Act.

31. Defendant failed to comply with Section 8 for prior Registration No. 1,955,388 since it failed to show that the mark BROWN BAG PAPER ART was presently used in commerce.

32. Defendant failed to show why its non-use was excusable.

33. Defendant attempts to support its Opposition with invalid, unenforceable Registrations.

34. Prior to filing its Opposition, Defendant has a duty to investigate the facts alleged in its Opposition.

35. Defendant has failed to investigate thoroughly prior to signature and submission of the Opposition to the U.S. Trademark Office.

36. Since Defendant filed trademark applications for printed goods with knowledge of Plaintiffs goods, Defendant has fraudulently filed application Serial No. 78/212,170 with the United States Patent and Trademark Office.

37. By supporting its Opposition with cancelled registrations and fraudulently filed applications, Defendant attempts to mislead the Trademark Trial and Appeal Board, which constitutes an abuse of process and fraud on the U.S. Trademark Office.

38. Defendant should not be allowed to receive a registration from its fraudulently filed application.

**COUNT III**  
**(Abuse of Process)**

39. Plaintiff incorporates paragraph 1-38 by reference as if fully set forth herein.

40. Defendant's improper and ulterior motive in its Opposition is not to seek cancellation of Plaintiff's applications, but to disassociate itself from its incorrectly perceived tort liability.

41. Defendant's use of the Trademark Trial and Appeal Board proceedings is an abuse of process.

42. Plaintiff has unnecessarily incurred attorney fees and costs due to Defendant's abuse of process.

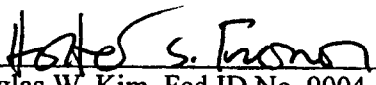
WHEREAS, Plaintiff prays upon this Court for the following:



- A. That this Court declare that Plaintiff's marks do not cause a likelihood of confusion nor infringe any of Defendant's marks;
- B. That this Court declare that Defendant's actions amount to fraud on the U.S. Trademark Office;
- C. That this Court declares that Defendant's use of the opposition proceeding is an abuse of process;
- D. That Defendant not receive registrations from any fraudulently filed applications.
- E. That Plaintiff is entitled to the cost of this action, treble damages, and attorney fees;
- F. That Plaintiff is entitled to exemplary damages;
- G. Plaintiff demands a trial by jury of all issues so triable; and
- H. Any and all other remedies that this Court deems just and proper in equity or law.

Respectfully submitted,

McNAIR LAW FIRM, P.A.

By:   
Douglas W. Kim, Fed ID No. 9004  
D. Michael Henthorne, Fed ID No. 6386  
Hunter S. Freeman, Fed ID No. 9313  
Post Office Box 10827  
Greenville, SC 29603  
Phone: 864-232-4261  
Fax: 864-232-4437  
Attorneys for the Plaintiff

May \_\_\_\_, 2004  
Greenville, South Carolina

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Applicant: Roylco Inc.  
Marks: **BROWN BAG CRAFTS (with and without design)**  
Application Serial Nos.: 76299860 and 76299861 (respectively)  
Filing Date: August 13, 2001 (both)  
Date of Publication: September 16, 2003 (both)

Hill Design, Inc.,	)
Opposer,	)
	)
v.	)
	)
Roylco Inc.,	)
Applicant.	)

**NOTICE OF OPPOSITION**

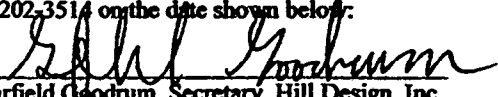
NOW COMES opposer, Hill Design, Inc., a New Hampshire domestic corporation with principal place of business at 50 Route 3A, Hill, New Hampshire, 03243 (hereinafter "Hill Design"), and files this Notice of Opposition against the above-identified trademark applications. Hill Design believes it will be damaged by registration of said applications. The grounds for opposition are as follows:

**Hill Design's Venerable Trademark Rights**

1. Hill Design is a leading designer and distributor of ceramic products offered in the crafts market, and has been in business for over twenty-five years with nation- and world-

**CERTIFICATE OF MAILING**

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3514 on the date shown below:

  
Garfield Goodrum, Secretary, Hill Design, Inc.  
November 17, 2003

**EXHIBIT A**

wide sales. Since 1983, Hill Design has adopted and federally registered several **BROWN BAG** trademarks for its craft goods, thereby establishing a strong family of marks. Under the **BROWN BAG** family, Hill Design has offered over 250 different designs of ceramic molds and pans for crafts (including for paper-art, papermaking, and making beeswax candles, cookies and shortbread) and "how-to" and recipe booklets.

2. Hill Design has federally registered or applied to register the following **BROWN BAG** marks:

<u>Mark</u>	<u>Registration / Serial No.</u>	<u>Goods</u>
<b>BROWN BAG COOKIE ART (and design) ("cookie art" disclaimed)</b>	Reg. No. 1,366,725; registered on 10/22/85	cookie molds
<b>BROWN BAG</b>	Ser. No. 78/176,372; approved for publication on 11/10/02	ceramic cookie molds
<b>BROWN BAG COOKIE ART</b>	Ser. No. 78/212,170; Previous Reg. No. 1,904,477 (with "cookie art" disclaimed)	ceramic and printed goods
<b>BROWN BAG PAPER ART</b>	Previous Reg. No. 1,955,388 (with "paper art" disclaimed)	ceramic cookie molds

3. Hill Design has expended substantial effort and money since 1983 to promote its **BROWN BAG** marks. Hill Design has expended at least \$23,000,000 in promotion and

advertising of **BROWN BAG** marks and marked goods, and it has enjoyed over \$40,000,000 in sales of such marked items.

4. Hill Design has widely advertised its **BROWN BAG** marks and goods in periodicals, consumer and wholesale brochures, and catalogs with printings running into the millions. **BROWN BAG** marked goods have also enjoyed unsolicited, unpaid, and often repeated reviews and references in periodicals and newspapers over the years, including: "Country Living Magazine," "Family Circle," "Woman's Day," the "Boston Globe," "Gift and Stationery Business," "Gift and Decorative Accessories," "International Cookie Cookbook" (back cover shot), Williams Sonoma catalog (from cover), "Bon Appetit," and "Chocolatier." Hill Design has also run paid advertising of its **BROWN BAG** marked products numerous times in trade magazines in ads ranging from 1/8 size to double page spreads. Hill Design also uses its marks and promotes its goods on the internet.

5. Hill Design's **BROWN BAG** molds and goods have been displayed in numerous arts and crafts shows over the years, including: the "Gourmet Products" shows from 1984 to 2000; in its own, dedicated showroom at the Atlanta Gift Mart from 1997 to 1999; ten years (non-consecutive) at the League of New Hampshire Craftsmen's Fair; several export shows in the United Kingdom, Germany, and Japan; and in numerous regional gift shows throughout the U.S.

6. As a result of the substantial and continuous use, promotion, advertising, and media and public exposure of Hill Design's **BROWN BAG** marks in connection with its molds and booklets, consumers have come to recognize the **BROWN BAG** marks as identifying high-quality goods emanating exclusively from Hill Design. Accordingly, Hill Design has established a strong family of **BROWN BAG** marks, and the marks have become famous for its goods.

### The Opposed Applications

7. Upon information and belief, Applicant is a New York corporation with principal place of business in Anderson, South Carolina (hereinafter "Applicant").

8. On August 13, 2001, Applicant filed intent-to-use applications to register the marks **BROWN BAG CRAFTS** (Ser. No. 76/299,861) and **BROWN BAG CRAFTS (with design)** (Ser. No. 76/299,860). Applicant has disclaimed exclusive rights to the term "crafts" apart from the marks as wholes. The design element of applicant's second mark appears to consist solely in presenting particular letters of the wording in color.

9. The applications were published on September 16, 2003, with the following identification of goods for both:

"hobby craft set containing children's educational and creative products, namely, gummed paper, paper name tags, stickers, craft paper, yarn, pre-cut paper shapes, finger paints, pre-cut decorative shapes, felt cut-outs, pipe cleaners, feathers, foam craft shapes, bead buddies, pom poms, glue, and activity guides."

10. Hill Design timely filed 30-day extensions of time to file notices of opposition in both applications on October 15, 2003, pursuant to 37 C.F.R. Section 2.102. The extensions were granted until Saturday, November 15, 2003. Hill Design timely files this Notice of Opposition by express mail.

### Hill Design Will Be Severely Damaged by Registration of the Opposed Applications

11. Registration of Applicant's **BROWN BAG CRAFTS** ("crafts" disclaimed) marks will create a great likelihood of confusion with Hill Design's prior-registered **BROWN BAG COOKIE ART (and design)** ("cookie art" disclaimed) mark. Such registration would severely harm Hill Design.

12. Applicant has copied exactly the initial wording of Hill Design's registered mark -- the arbitrary terms **BROWN BAG**, and it has positioned this wording as the leading element of

the applied-for marks. Moreover, the terms **BROWN BAG** are the *only* distinctive element in Applicant's marks. Thus, in appearance, sound, and meaning, the marks are essentially the same.

13. Applicant would register its marks for the essentially the same goods that Hill Design offers – craft goods. Applicant identifies the following in its applications, inter alia, “hobby craft set[s],” craft paper, and “activity guides.” Hill Design has registered its plead mark for what are essentially “craft sets,” namely cookie molds used by crafts people in their pursuits. Indeed, “craft paper” is closely related to Hill Design’s cookie molds. It is quite ordinary and commonplace in the craft world to use cookie molds and stamps in paper-art and papermaking. (Moreover, Applicant’s “activity guides” and various “paper” goods are the same as and subsumed within Hill Design’s identification for the previously registered and currently pending **BROWN BAG COOKIE ART (words only)** mark.)

14. Thus, Applicant’s marks are essentially identical to Hill Design’s previously registered (and pending) **BROWN BAG** mark(s), and they are used on closely related and the same goods. The parties’ goods are used in the same activities, and can even be used in connection with each other. Relevant purchasers of these goods are also the same, and the goods are offered in the same outlets – craft stores. Registration of Applicant’s marks would, therefore, create a great likelihood of consumer confusion and harm.

15. Considering Hill Design’s registered **BROWN BAG** marks dating back to 1985, Applicant should have adopted a very different mark for its closely related goods. (Hill Design’s **BROWN BAG PAPER ART** mark was registered when Applicant filed its applications for, inter alia, **paper** craft sets. Even a cursory review of the Register would have revealed Hill Design’s marks.) Applicant’s mere addition of one generic term to the highly distinctive

**BROWN BAG** portion of Hill Design's registered mark plead here is insufficient, if not highly suspect.

\*

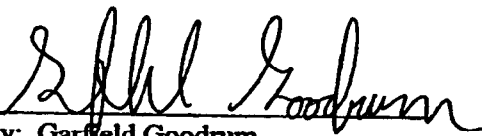
\*

\*

**WHEREFORE**, Hill Design, Inc. respectfully requests that the Trademark Trial and Appeal Board refuse Applicant Roylco Inc.'s applications to register the **BROWN BAG CRAFTS (with and without design)** trademarks.

**HILL DESIGN, INC.**

Dated: November 17, 2003



By: Garfield Goodrum

Title: Secretary

Hill Design, Inc.  
631 Town Hill Road  
Reading, VT 05062  
(802) 484-9034  
fax: (802) 484-9144  
[gbgoodrum@earthlink.net](mailto:gbgoodrum@earthlink.net)

**CERTIFICATE OF SERVICE**

I certify that I deposited a true copy of the foregoing Notice of Opposition with the U.S. Postal Service as first class mail, postage pre-paid, addressed to counsel of record for applicant Roylco Inc., namely, Allen F. Creighton, McNair Law Firm, P.A., 1301 Gervaid Street, Columbia, SC 29201, on November 17, 2003.

  
By: Garfield Goodrum



**HILL DESIGN, INC.**

November 17, 2003

Via U.S. Mail, First Class, Certified

Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia  
22202-3514

Re: Hill Design, Inc., v. Roylco Inc.  
Trademark Trial and Appeal Board  
Opposition to Application Nos.: 76299860 and 76299861  
For the marks: **BROWN BAG CRAFTS (with and without design)**

Dear Sir:

Enclosed please find one original and one true copy of Hill Design, Inc.'s Notice of Opposition to the above-referenced trademark applications, as well as a U.S. Postal Service money order in the amount of SIX HUNDRED DOLLARS (\$600) for the filing fee.

Please contact me, if you have any questions regarding this matter.

Sincerely,

HILL DESIGN, INC.

Garfield Goodrum  
Secretary

**RECEIVED**

NOV 20 2003

McNAIR LAW FIRM



UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
GREENVILLE DIVISION

ROYLCO, INC.,

Plaintiff,

v.

HILL DESIGN, INC.,


Defendant.

Case No: \_\_\_\_\_

**VERIFICATION**

I, Carolyn Voisin, state that I am an Officer of ROYLCO, INC., Plaintiff corporation herein; that I have read the foregoing Complaint and know the contents thereof, and that the same is true of my own knowledge, except as to the matters therein stated upon information and belief, and as to those, I believe it to be true.

Pursuant to 28 U.S.C. § 174(b), I declare under penalty of perjury that the foregoing is true and correct.

  
Name: Carolyn Voisin  
Title: President

Dated: May 4, 2004

**FILED**

JUL 6 2004

**IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF SOUTH CAROLINA  
ANDERSON DIVISION**

**LARRY W. PROPPS, CLERK  
U. S. DISTRICT COURT**

ROYLCO, INC.,

Plaintiff,

v.

HILL DESIGN, INC.,

Defendant.

Case No. 8: 04-1397-20

**ANSWER AFFIRMATIVE  
DEFENSES AND  
COUNTERCLAIMS**

**JURY TRIAL AND INJUNCTIVE  
RELIEF REQUESTED FOR  
COUNTERCLAIMS**

By and through its undersigned counsel, Defendant Hill Design, Inc. ("Hill Design"), hereby answers Plaintiff Roylco, Inc.'s complaint asserts affirmative defenses and counterclaims in the above-captioned matter as follows. Except as specifically admitted herein, each and every allegation of the Complaint is expressly denied. The numbered paragraphs below correspond to the numbered paragraphs in the Complaint.

**ANSWER AND FIRST AFFIRMATIVE DEFENSE**

1. Paragraph One (1) is a jurisdictional statement and does not require an answer.
2. Hill Design is without knowledge or information sufficient to form a belief as to the truth of the averment.
3. Admitted.
4. Admitted.
5. Denied. Hill Design offers its goods to individual end-users and retailers in the state of South Carolina.

**EXHIBIT** B

4

6. Denied. Thistle Imports of Easley, South Carolina, is a Hill Design customer that buys Hill Design goods, which it resells to others. Hill Design has no other relation with Thistle Imports. Hill Design merely lists this entity on its web site as a "retail location" where others can buy Hill Design goods.

7. Hill Design is without knowledge or information sufficient to form a belief as to the truth of the averment.

8. Hill Design is without knowledge or information sufficient to form a belief as to the truth of the averments.

9. Hill Design is without knowledge or information sufficient to form a belief as to the truth of the averments.

10. Hill Design is without knowledge or information sufficient to form a belief as to the truth of the averments.

11. Admitted only that Plaintiff filed two trademark applications with the U.S. Trademark Office on or about August 13, 2001, assigned serial numbers: 76/299,860 and 76/299,861. Hill Design is without knowledge or information sufficient to form a belief as to the truth of the remaining averments in Paragraph 11.

12. Denied. Since its founding in 1983, Hill Design has been in the business of designing, manufacturing, and offering ceramic molds used in craft pursuits, including paper and wax art, paper making, and candle making, as well as cookie and candy making. Hill Design purposely and specifically marketed, offered, and sold its craft and cookie molds in South Carolina and in other markets well before Plaintiff filed its U.S. trademark applications or began use of the subject marks.

13. Admitted that Hill Design filed an application on or about June 1, 1984, for the mark **BROWN BAG COOKIE ART (and swan design)** for use with cookie molds, reciting first use of April 1983, and which resulted in a U.S. trademark registration assigned Registration Number 1,366,725. Denied that the registration was assigned Registration Number 1,355,720.

14. Admitted.

15. Admitted.

16. Admitted. Hill Design believed then that Defendant's rights are inferior and infringing of Hill Design's rights, and continues to believe so now.

17. Denied. Hill Design filed a Notice of Opposition in the U.S. Trademark Trial and Appeal Board against Plaintiff's said trademark applications on November 17, 2003.

18. Admitted.

#### COUNT I

19. As to the allegations of paragraph 19 of the Complaint, Hill Design repeats its responses to the allegations of paragraphs 1-18 of the Complaint.

20. Hill Design is without knowledge or information sufficient to form a belief as to the truth of the averments.

21. Admitted. Hill Design further states that cookie molds are commonly used in craft pursuits, and that Hill Design marketed, offered, and sold its **BROWN BAG** molds for use in craft pursuits since 1983, before Plaintiff began use of **BROWN BAG CRAFTS** or filed its trademark applications.

22. Admitted only as to present actual knowledge. However, because Plaintiff uses Defendant's Federally registered trademark in Plaintiff's domain name for Plaintiff's Internet website, there are numerous instances of actual confusion that cannot possibly be detected and

would include those persons searching on Internet search engines for Defendant's trademark who receive search returns directing them to Plaintiff's Internet website instead of to legitimate sources of Defendant's products.

23. Denied.

24. Denied.

## COUNT II

25. As to the allegations of paragraph 25 of the Complaint, Hill Design repeats its responses to the allegations of paragraphs 1-24 of the Complaint.

26. Defendant admits only that its Opposition (Exhibit A attached to the Complaint) referenced as evidence of prior use of the trademarks in question two registrations (Nos. 1,904,477 & 1,955,388) that had lapsed due to the inadvertent failure on the part of Defendant's representative to timely file a required document. However, Defendant expressly denies that this reference was in any way a false statement in the Opposition or in any way improperly alleged in the Opposition. Indeed, Defendant identified both lapsed registrations in the Opposition as being a "Previous Reg. No." Hill Design supported its Opposition allegations with rights from trademarks currently and at all relevant times in use, some of which having been and/or currently being the subject of registrations and/or applications for registrations.

27. Defendant admits only that its Opposition (Exhibit A attached to the Complaint) referenced as evidence of prior use of the trademarks in question Registration No. 1,904,477 that had lapsed due to the inadvertent failure on the part of Defendant's representative to timely file a required document. However, Defendant expressly denies that this reference was in any way a false statement in the Opposition or in any way improperly alleged in the Opposition. Indeed,

Plaintiff acknowledges that Defendant identified the lapsed registration in the Opposition as being a "Previous Reg. No."

28. Defendant admits only that its Registration No. 1,904,477 lapsed due to the inadvertent failure on the part of Defendant's representative to timely file a required document. This lapse in no way adversely affects the fact that the subject mark has been in continuous use by Hill Design in commerce since 1983.

29. Defendant admits only that its Registration No. 1,904,477 lapsed due to the inadvertent failure on the part of Defendant's representative to timely file a required document. Such failure does not require Defendant to demonstrate an excuse for non-use, especially since Hill Design used the mark continuously from 1983 through the present.

30. Defendant admits only that its Registration No. 1,955,388 lapsed due to the inadvertent failure on the part of Defendant's representative to timely file a required document. This lapse in no way adversely affects the fact that the subject mark has been in continuous use by Hill Design in commerce since 1994.

31. Defendant admits only that its Registration No. 1,904,477 lapsed due to the inadvertent failure on the part of Defendant's representative to timely file a required document. This lapse in no way adversely affects the fact that the subject mark has been in continuous use by Hill Design in commerce since 1983.

32. Defendant admits only that its Registration No. 1,955,388 lapsed due to the inadvertent failure on the part of Defendant's representative to timely file a required document. Such failure does not require Defendant to demonstrate an excuse for non-use, especially since Hill Design used the mark continuously from 1994 through the present.

33. Denied. As stated above, at the time the opposition was filed, and as of this filing, the marks supporting the opposition were in use, which is the critical point about which Plaintiff attempts to mislead. It is well understood under U.S. trademark law that a federal registration can be opposed based on use-based rights alone. Whether a mark is federally registered or not does not matter.

34. Admitted.

35. Denied.

36. Denied. At the time it filed its application assigned Serial Number 78/212,170, Hill Design reasonably and in good faith believed it had superior, prior rights in the subject mark, and that Plaintiff's marks were infringing Defendant's trademark rights.

37. Denied.

38. Denied.

### **Count III**

39. As to the allegations of paragraph 39 of the Complaint, Hill Design repeats its responses to the allegations of paragraphs 1-38 of the Complaint.

40. Denied.

41. Denied.

42. Denied.

### **FOR A SECOND AFFIRMATIVE DEFENSE**

43. Hill Design incorporates the matters asserted in the counterclaims below as additional defenses to the claims of Roylco.

**FOR A THIRD AFFIRMATIVE DEFENSE**

44. Roylco's complaint fails to state grounds upon which can be granted.

**FOR A FOURTH AFFIRMATIVE DEFENSE**

45. As to Roylco's second count, Roylco has failed to allege that Hill Design made even a single false statement in Hill Design's opposition filed in the U.S. Trademark Trial and Appeal Board.

46. Hill Design's opposition filed in the U.S. Trademark Trial and Appeal Board contains not a single false statement, and thus the Trademark Trial and Appeal Board could not have been misled in any way by any misrepresentation of Hill Design.

**FOR A FIFTH AFFIRMATIVE DEFENSE**

47. Roylco's conduct establishes that Roylco has unclean hands that bars Roylco's claims.

**FOR A SIXTH AFFIRMATIVE DEFENSE**

48. Venue is improper, and the form is inconvenient for Hill Design in this district.

**FOR A SEVENTH AFFIRMATIVE DEFENSE**

49. Roylco has failed to mitigate its damages, if any have occurred.

**FOR AN EIGHTH AFFIRMATIVE DEFENSE**

50. Hill Design has acted in good faith toward Roylco at all times relative to Roylco's Complaint.

**FOR A NINTH AFFIRMATIVE DEFENSE**

51. If Roylco is suffering or will suffer any damages or financial consequences, it is solely due to Roylco's own actions or omissions.



**FOR A TENTH AFFIRMATIVE DEFENSE**

52. Roylco's claims, if any, are subject to set-off, including, but not limited to any damages done to Hill Design and Hill Design's business, as set forth in the counterclaims attached hereto.

**WHEREFORE**, Hill Design, Inc., having answered all of the allegations of the Plaintiff's Complaint, respectfully requests that this Court enter an order that:

A. Plaintiff's use of its **BROWN BAG CRAFTS (with design)** and **BROWN BAG CRAFTS (without design)** marks infringes Hill Design's rights in Hill Design's **BROWN BAG** marks.

B. Plaintiff's use of its **BROWN BAG CRAFTS (with design)** and **BROWN BAG CRAFTS (without design)** marks causes a false designation of origin relative to Hill Design's rights in Hill Design's **BROWN BAG** marks.

C. Plaintiff's use of its **BROWN BAG CRAFTS (with design)** and **BROWN BAG CRAFTS (without design)** marks amounts to unfair competition in view of Hill Design's rights in Hill Design's **BROWN BAG** marks.

D. Roylco Inc., its principals, employees, agents, representatives, distributors, sellers, dealers, and all persons in active concert or participation with any of them, are hereby preliminarily and permanently enjoined from using any mark containing **BROWN BAG**, including **BROWN BAG CRAFTS (with design)** and **BROWN BAG CRAFTS (without design)**, or any other mark, name, domain name, or designation confusingly similar to Hill Design's **BROWN BAG** family of marks in connection with any craft related good or service, including but not limited to my cookie related good or service.

E. Awards to Hill Design monetary relief including damages sustained by Hill Design in an amount not yet determined, but believed to be in excess of \$75,000.

F. Roylco Inc. shall immediately deactivate its WWW.BROWNBAGCRAFTS.com web site and transfer the BROWNBAGCRAFTS.com domain name registration to Hill Design.

G. Roylco Inc. shall immediately expressly abandon any applications for trademark registration filed with federal and/or state authorities for the **BROWN BAG CRAFTS** marks, including those at the U.S. Trademark Office under Serial Nos. 76/299,860 and 76/299,861.

H. Roylco Inc. shall immediately withdraw any trade or business name filing for **BROWN BAG CRAFTS** or any trade or business names confusingly similar to Hill Design's family of **BROWN BAG** marks.

I. Awards to Hill Design Plaintiff's profits, treble damages and costs pursuant to 15 U.S.C. Section 1117.

J. Dismisses Roylco, Inc.'s claims with prejudice.

K. Awards to Hill Design its attorney's fees in this action.

L. Awards to Hill Design other relief as the court may deem appropriate.

**FOR AN ELEVENTH AFFIRMATIVE DEFENSE AND BY WAY OF A FIRST  
COUNTERCLAIM  
(Trademark Infringement, 15 USC § 1114, 1116, 1117)**

**THE PARTIES**

1. Defendant-Counterclaim Plaintiff Hill Design is a New Hampshire domestic corporation with principal place of business at 50 Route 3A, Hill, New Hampshire, 03243.

2. Plaintiff- Counterclaim Defendant Roylco Inc. (hereafter Roylco) is a New York corporation with principal place of business at 3251 Abbeville Highway, Anderson, South Carolina, 29624.

### **JURISDICTION AND VENUE**

3. The court has jurisdiction over the subject matter of this action pursuant to 15 U.S.C. Sections 1114, 1116, 1117, 1119, 1121, 1125(a), 1125(c) and 1125(d)(1)(A) and 28 U.S.C. Sections 1331, 1332, 1338(a), 1338(b), and 1367. Upon information and belief, the dispute involves an amount in controversy in excess of \$75,000.

4. Hill Design offers its goods nationwide and internationally under its brands including BROWN BAG (either alone or in a corporate format). In South Carolina, Hill Design sells such goods to end-users and others for resale, including: Thistle Imports of Easley, South Carolina.

5. Hill Design's claims arise in part in this District as well as in various other states and territories where Roylco offers its goods with marks that infringe Hill Design's registered and unregistered marks.

6. Roylco is physically located in South Carolina and operates its business from the State.

### **HILL DESIGN'S TRADEMARK RIGHTS**

7. Hill Design is a leading designer and distributor of ceramic products offered in the crafts market, and has been in business for over twenty years with nation-wide sales in the United States and world-wide sales. Since 1983, Hill Design has used and federally registered several BROWN BAG trademarks for its craft goods, thereby establishing a strong and famous family of marks. Under the BROWN BAG family, Hill Design has offered over 250 different designs of ceramic molds and pans for cookie making and crafts, including paper-art, wax-art, papermaking, and making beeswax candles and candy. Hill Design has distributed millions of such BROWN BAG molds. A large secondary market of BROWN BAG molds exists on the

eBay web site. Hill Design has also authored several "how-to" books and booklets that it distributes with its craft goods and separately.

8. Hill Design has used the following **BROWN BAG** marks (some federally registered or subject of pending federal applications) to offer its craft molds and books:

<u>MARK</u>	<u>Registration / Serial No.</u>	<u>Goods</u>
<b>BROWN BAG COOKIE ART</b>	Reg. No. 2,831,893; registered on 4/13/2004	ceramic cookie molds
<b>BROWN BAG</b>	Ser. No.; 78/423,157 filed on May 21, 2004; use since 1983 alleged	ceramic molds used in craft making, namely, paper, wax and candy art, paper making, and candle making
<b>BROWN BAG COOKIE ART</b> (and design) ("cookie art" disclaimed)	Reg. No. 1,366,725; registered on 10/22/85	cookie molds
<b>BROWN BAG COOKIE ART</b>	Ser. No. 78/212,170; Previous Reg. No. 1,904,477 (with "cookie art" disclaimed)	<u>inter alia</u> , recipe and instruction books, ceramic craft and cooking molds
<b>BROWN BAG PAPER ART</b>	Previous Reg. No. 1,955,388 (with "paper art" disclaimed)	ceramic cookie molds

9. Hill Design has expended substantial effort and money since 1983 to promote its **BROWN BAG** marks. Hill Design has expended many millions of dollars for promotion and advertising of **BROWN BAG** marks and marked goods, and it has enjoyed more than \$40,000,000 in sales of such marked items.

10. Hill Design has widely advertised its **BROWN BAG** marks and goods in periodicals, consumer and wholesale brochures, and catalogs with printings running into the millions. **BROWN BAG** marked goods have also enjoyed unsolicited, unpaid, and often repeated reviews and references in periodicals and newspapers over the years, including: "Country Living Magazine," "Family Circle," "Woman's Day," the "Boston Globe," "Gift and Stationery Business," "Gift and Decorative Accessories," "International Cookie Cookbook" (back cover shot), Williams Sonoma catalog (front cover), "Bon Apetit," and "Chocolatier." Hill Design has also run paid advertising of its **BROWN BAG** marked products numerous times in trade magazines in ads ranging from 1/8 size to double page spreads. Hill Design also uses its **BROWN BAG** marks and promotes its **BROWN BAG** craft goods on the internet.

11. Hill Design's **BROWN BAG** molds and goods have been displayed in numerous arts and crafts shows over the years, including: the "Gourmet Products" shows from 1984 to 2000; in its own, dedicated showroom at the Atlanta Gift Mart from 1997 to 1999; ten years (non-consecutive) at the League of New Hampshire Craftsmen's Fair; several export shows in the United Kingdom, Germany, and Japan; and in numerous regional gift shows throughout the U.S.

12. As a result of the substantial and continuous use, promotion, advertising, and media and public exposure of Hill Design's **BROWN BAG** marks in connection with its craft molds and booklets, consumers have come to recognize the **BROWN BAG** marks as identifying high-quality goods emanating exclusively from Hill Design. Accordingly, Hill Design has established a strong family of **BROWN BAG** marks, and the marks have become famous for its goods, as that term "famous" is used in U.S. trademark dilution law.

### ROYLCO'S WRONGFUL ACTS

13. At least as early as February, 2002, Roylco began using **BROWN BAG CRAFTS (with and without design)** as trademarks for the same goods that Hill Design offers – craft goods. Roylco's marks copy exactly the initial wording of Hill Design's family of famous marks – the arbitrary terms **BROWN BAG**. Roylco has positioned this wording as the leading element of Roylco's marks. The terms **BROWN BAG** are the *only* distinctive, source-indicating elements of Roylco's marks. Roylco has disclaimed exclusive rights to **CRAFTS** (the generic term for the parties' goods) in its PTO applications, and the design element appears to consist solely in presenting a few letters in color. Thus, in appearance, sound, and meaning, Roylco **BROWN BAG CRAFTS** marks are essentially identical to Hill Design's **BROWN BAG** marks.

14. Roylco uses the **BROWN BAG CRAFTS** marks in Massachusetts to sell various craft kits, including paper-art kits.<sup>1</sup> However, since well before Roylco, Hill Design has used its **BROWN BAG** family of marks for craft goods both in the Commonwealth of Massachusetts and nationwide. Hill Design offers **BROWN BAG** ceramic molds used by crafts people in their pursuits. It is quite ordinary and commonplace in the craft world to use cookie molds and stamps in paper-art and papermaking, as well as in wax-art and candle making. Moreover, for years prior to Roylco, Hill Design has distributed "how to" instruction guides for these **BROWN BAG** craft activities both with its **BROWN BAG** molds and separately. Thus, through its substantial and continuous prior use, Hill Design has clear seniority of rights relative to Roylco for craft goods sold under the **BROWN BAG** mark.

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<sup>1</sup> Defendant's PTO applications recite the following identification of goods for both: "hobby craft set containing children's educational and creative products, namely, gummed paper, paper name tags, stickers, craft paper,

15. Roylco's uses its **BROWN BAG CRAFTS** marks for craft goods, just as does Hill Design. Roylco's goods are closely related to those of Hill Design uses its **BROWN BAG** marks, and they are used in the same activities and even in connection with each other. Relevant purchasers of these goods are also the same, and the goods are offered in the same outlets – craft stores. Use and registration of Roylco's marks would, therefore, create a great likelihood of consumer confusion and harm to Hill Design.

16. Roylco's distribution of **BROWN BAG CRAFTS** goods constitutes trademark infringement, dilution, and unfair competition. Considering the significant fame of Hill Design's **BROWN BAG** family of marks for craft and paper-art activities, its registered **BROWN BAG** mark dating back to 1985, and its significant internet presence, Roylco should have used a very different mark for its distribution of closely related goods. Hill Design's **BROWN BAG PAPER ART** mark was registered when Roylco filed its PTO applications for, *inter alia*, paper craft sets. Even a cursory review of the Principal Trademark Register would have revealed Hill Design's marks, not to mention a simple web search. Accordingly, Roylco's actions are highly suspicious and suggestive of willful, predatory infringement.

17. Hill Design believes Roylco is continuing to infringe Hill Design's **BROWN BAG®** trademarks in South Carolina, Massachusetts and elsewhere in the United States. Hill Design has no adequate remedy at law for such damage to Hill Design's goodwill.

#### **OTHER PROCEEDINGS**

18. On November 17, 2003, after several attempts to contact Roylco, Hill Design was forced to file a Notice of Opposition at the U.S. Trademark Trial and Appeal Board against two

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yarn, pre-cut paper shapes, finger paints, pre-cut decorative shapes, felt cut-outs, pipe cleaners, feathers, foam craft

applications filed by Roylco for Roylco's infringing marks. Roylco then consented to filing a motion to suspend the Opposition in order to facilitate settlement negotiations, and such consented motion was filed by Hill Design on February 3, 2004.

19. On May 4, 2004, in extreme bad faith, Roylco sand-bagged Hill Design by filing an impermissible anticipatory action in this Court, seeking, inter alia, a declaration of no likelihood of confusion. As Roylco's filing of this action in South Carolina made it painfully evident that Roylco did not wish to settle the matter, Hill Design filed an infringement suit against Roylco in the U.S. District Court for the District of Massachusetts, Western Division, where as the "true-plaintiff," Hill Design originally intended to sue but for Roylco's protestations of willingness to settle without resort to litigation. Hill Design will move forthwith to transfer this action to that Massachusetts court.

20. Roylco's aforesaid acts constitute infringement of Hill Design's federally registered **BROWN BAG** and **BROWN BAG COOKIE ART (and design)** trademarks in violation of Section 32(1) of the Trademark Act of 1946, as amended, 15 U.S.C. § 1114(1), entitling plaintiff to relief from this Court.

**FOR A TWELFTH AFFIRMATIVE DEFENSE  
AND BY WAY OF A SECOND COUNTERCLAIM  
(Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a))**

21. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 20 above.

22. Roylcos aforesaid acts constitute infringement of Hill Design's common law (in one case, now registered) **BROWN BAG** family of trademarks in violation of Section 43(a) of

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shapes, bead buddies, pom poms, glue, and activity guides." (Emphasis added.)



the Trademark Act of 1946, as amended, 15 U.S.C. § 1125(a), entitling plaintiff to relief from this Court.

**FOR A THIRTEENTH AFFIRMATIVE DEFENSE  
AND BY WAY OF A THIRD COUNTERCLAIM IN THE ALTERNATIVE  
(Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c))**

23. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 22 above.

24. Based on the inherent distinctiveness of Hill Design's **BROWN BAG** family of marks; Hill Design's duration and extent of use of the family; the duration and extent of media coverage and advertising of the marks; the nature of the trade channels Hill Design uses to market its goods under its family of marks compared to those used by Roylco; the degree of public recognition of the family; and federal registration by Hill Design; Hill Design's family of **BROWN BAG** marks have become famous as that "famous" term is used in Section 43(c) of the Lanham Act.

25. Plead in the alternative, the aforesaid acts of Roylco, all occurring long after the **BROWN BAG** family of marks became famous, are diluting the distinctiveness of, or are likely to cause dilution of Hill Design's famous family of marks, and thus constitute dilution in violation of Section 43(c) of the Trademark Act of 1946, as amended, 15 U.S.C. Section 1125(c), entitling plaintiff to relief from this Court.

**FOR A FOURTEENTH AFFIRMATIVE DEFENSE  
AND BY WAY OF A FOURTH COUNTERCLAIM  
(Section 43(d)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(d)(1)(A))**

26. Plaintiff re-alleges and incorporate by reference paragraphs 1 through 25 above.

27. Roylcos' acts of registering and maintaining registration of an internet domain name in bad faith that contains Hill Design's famous **BROWN BAG** trademark, namely, <www.

BROWNBAGCRAFTS.com>, constitutes cyberpiracy in violation of Section 43(d)(1)(A) of the Trademark Act of 1946, as amended, 15 U.S.C. § 1125(d)(1)(A), entitling plaintiff to relief from this Court.

**FOR A FIFTEENTH AFFIRMATIVE DEFENSE  
AND BY WAY OF A FIFTH COUNTERCLAIM  
(§ 39 – 15 – 110 et seq. S.C. Code Ann.)**

28. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 27 above.

29. Hill Design's BROWN BAG marks have acquired secondary meaning in South Carolina, Massachusetts and elsewhere and are associated in the minds of consumers with goods that moved in the crafts channels of trade.

30. Roylco has misappropriated the goodwill and reputation established by Hill Design with the BROWN BAG marks in its wrongful use of the BROWN BAG CRAFTS marks in an attempt to capitalize on Hill Design's goodwill and reputation.

31. Upon information and belief, Hill Design's reputation and goodwill have been damaged as a result of Roylco's willful and deliberately misleading use of the BROWN BAG CRAFTS marks.

**FOR A SIXTEENTH AFFIRMATIVE DEFENSE  
AND BY WAY OF A SIXTH COUNTERCLAIM  
(§ 39 – 5 – 10 et seq. S.C. Code Ann.)**

32. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 31 above.

33. At all times relevant to this action, South Carolina prohibited unfair and deceptive acts and practices in trade or commerce.

34. Roylcos aforesaid acts constitute unfair and deceptive acts and practices in violation of South Carolina law, entitling plaintiff to relief from this Court.

### PRAYER FOR RELIEF

**WHEREFORE**, Hill Design, Inc. respectfully requests that this court:

M. Award Hill Design a preliminary and permanent injunction enjoining Roylco Inc., its principals, employees, agents, representatives, distributors, sellers, dealers, and all persons in active concert or participation with any of them, from using any mark containing **BROWN BAG**, including **BROWN BAG CRAFTS (with and without design)**, or any other mark, name, domain name, or designation confusingly similar to Hill Design's **BROWN BAG** family of marks in connection with any craft or cookie related good or service.

N. Award Hill Design a monetary relief including damages sustained by Hill Design in an amount not yet determined, but believed to be in excess of \$75,000.

O. Order Roylco Inc. to deactivate its WWW.BROWNBAGCRAFTS.com web site and transfer the BROWNBAGCRAFTS.com domain name registration to Hill Design.

P. Order Roylco Inc. to expressly abandon any applications for trademark registration filed with federal and state authorities for the **BROWN BAG CRAFTS** marks, including those at the U.S. Trademark Office under Serial Nos. 76/299,860 and 76/299,861.

Q. Order Roylco Inc. to withdraw any trade or business name filing for **BROWN BAG CRAFTS** or any trade or business names confusingly similar to Hill Design's family of **BROWN BAG** marks.

R. Award Hill Design treble damages pursuant to 15 U.S.C. Section 1117.

S. Dismiss Roylco, Inc.'s claims with prejudice.

T. Award Hill Design its attorneys fees and costs in this action.

U. Award Hill Design other relief as the court may deem appropriate.

Date:

July 2004

  
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*Attorneys for the Defendant  
Hill Design, Inc.*

Certificate of Service

The undersigned hereby certifies that the foregoing ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS was served on the Defendant by sending a copy via First Class Mail addressed to Roylco Inc.'s counsel of record:

Douglas W. Kim  
D. Michael Henthorne  
Hunter S. Freeman  
McNair Law Firm  
PO Box 10827  
Greenville, SC 29603  
Phone: 864-232-4261

on July 6, 2004

Hunter S. Freeman  
(a)

SEP 23 2004

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
ANDERSON DIVISIONLARRY W. PROPPS, CLERK  
U. S. DISTRICT COURT

ROYLCO, INC.,  Plaintiff,  v.  HILL DESIGN, INC.,  Defendant.	Case No: 8:04-1397-27  <b>PLAINTIFF'S MEMORANDUM CONCERNING THE ISSUE OF PRIMARY JURISDICTION</b>
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Plaintiff, by and through its undersigned attorneys, responds to the Court's order to brief the issue of "primary jurisdiction" and requests that this Court decline to stay the instant case pending a determination of the opposition in the Trademark Trial and Appeal Board ("TTAB").

## I. INTRODUCTION

By way of an Order dated September 16, 2004, the Court denied Defendant's motion to dismiss this action and denied Defendant's alternative motion to transfer this action to the United States District Court for the District of Massachusetts. In its Order, the Court directed the parties to submit briefs on the issue of the applicability of the doctrine of "primary jurisdiction" and to inform the Court of their respective positions on whether this Court stay the instant case pending a determination of the opposition proceeding in the TTAB.

## II. FACTS

On November 13, 2003, Defendant Hill Design, Inc. instigated an opposition proceeding No. 91158755 with the TTAB regarding Plaintiff's trademark applications Serial Nos. 76/299,800 and 76/299,861. In Defendant's notice of opposition (Exhibit A, attached hereto and incorporated by reference), Defendant contends that Plaintiff's trademark registrations would

create a likelihood of confusion with Defendant's marks. In its notice of opposition, Defendant's sole request upon the TTAB is to prevent registration of Plaintiff's marks.

Based upon the parties' settlement negotiations, Defendant filed a motion dated February 3, 2004 with the TTAB to suspend the above opposition. Other than Plaintiff's answer to the opposition and Plaintiff's recently filed motion to suspend discussed below, no further action has been taken in the opposition proceeding before the TTAB.

On January 26, 2004, Plaintiff filed its answer in the opposition (TTAB Answer, Exhibit B, attached hereto and incorporated by reference). In its TTAB Answer, Plaintiff asserted the affirmative defenses of fraud on the Patent and Trademark Office due to misrepresentations made in applying for Defendant's applications 78/176,372 and 78/128,170. Plaintiff also requested that Defendant's applications 78/176,372 and 78/128,170 be cancelled. In its TTAB Answer, Plaintiff did not allege abuse of process.

On May 4, 2004, after settlement negotiations proved unsuccessful, Plaintiff instigated this action in the Anderson Division of the United States District Court for the District of South Carolina, Case No. 8:04-1397-20 (the "South Carolina action"). In the instant action, Plaintiff seeks a declaratory judgment action that: (1) Plaintiff's use of the mark BROWN BAG CRAFTS in association with "hobby craft sets containing children's education and creative products" is not likely to cause confusion with Defendant's marks; (2) Plaintiff's use does not give rise to trademark or service mark infringement; (3) Defendant has committed fraud on the Patent and Trademark Office; (4) Defendant should not receive registrations from its application; and, (5) Defendant's TTAB opposition proceeding is an abuse of process. The relief sought in the South Carolina action is a declaratory judgment of non-infringement and abuse of process. A determination on these issues is not possible in the opposition proceeding.

On May 20, 2004, with knowledge that Plaintiff had instigated the South Carolina action, Defendant filed an action in the United States District Court for the District of Massachusetts, Case No. 04-30100-KPN (the "Massachusetts action"). In its Massachusetts Complaint, Defendant raised the issues of "trademark infringement, trademark dilution, unfair competition, and cyber piracy, all under federal, state, or common law." See Massachusetts Complaint (Exhibit C, attached hereto and incorporated by reference). In light of this Court's September 13, 2004 Order, it is anticipated that the Massachusetts action will either be dismissed or transferred and consolidated with the South Carolina action. However, the issues in the Massachusetts action will inevitably be present in the South Carolina action.

On July 6, 2004, the Defendant answered the Complaint in the South Carolina action. In its pleadings, Defendant asserted by way of counterclaims, trademark infringement, dilution, cyber piracy, unfair and deceptive trade practices, and seeks relief from these causes of action.

On September 21, 2004, Plaintiff filed a motion before the TTAB to suspend the opposition (Exhibit D, attached herein and incorporated by reference). The basis for suspension of the opposition is that: (1) the TTAB may suspend an opposition if the parties are engaged in civil litigation, TTAB § 510.02(a)<sup>1</sup>; (2) Federal District Court decisions are binding upon the TTAB while TTAB decisions are not binding on Federal courts; (3) issues are presented in the civil action that are not present in the opposition proceeding; and, (4) Defendant has raised issues that cannot be disposed of by the TTAB. Plaintiff desires that the opposition be suspended since moving forward with the TTAB proceeding will likely result in duplicative efforts by the parties since the TTAB finding can be challenged in civil court. Further, the TTAB cannot resolve all the issues of the parties to finality.

## II. ARGUMENT

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<sup>1</sup> Exhibit E, attached hereto pursuant to D.S.C. Local Rule 7.05(a)(4).



The doctrine of primary jurisdiction "requires judicial abstention in cases where protection of the integrity of a regulatory scheme dictates preliminary resort to the agency which administers the scheme." *United States v. Philadelphia National Bank*, 374 U.S. 321, 353 (1963). This doctrine has developed to allow the disposition of issues that "under a regulatory scheme have been placed within the special competence of an administrative body." *Goya Foods, Inc. v. Tropicana Products, Inc.*, 846 F.2d 848, 851 (2d Cir. 1988). However, the "weight of authority indicates that the doctrine is not normally applied in cases where questions of trademark validity and trademark infringement are involved." *W & G Tennessee Imports, Inc. v. Esselte Pendaflex Corporation*, 769 F. Supp. 264, 265 (M.D. Tenn. 1991) (citing *Goya Foods, Inc. v. Tropicana Products, Inc.*, 846 F.2d 848 (2d Cir. 1988) and *American Cyanamid Co. v. Compagna Per LA Farmacie In Italia S.P.A.*, 678 F. Supp. 1049 (S.D.N.Y. 1987)).

In finding that two factors weigh heavily against the applicability of the doctrine as applied to TTAB proceedings, the First Circuit held that the TTAB "is not an ordinary administrative agency who's finding control unless set aside after court review under a highly deferential standard." *PHC, Inc. v. Pioneer Healthcare, Inc. et al.*, 75 F.3d 75, 80 (1<sup>st</sup> Cir. 1996). When the TTAB makes a finding, the findings can be challenged in a civil action in district court, with new evidence, under an almost de novo standard<sup>2</sup>. *Id.* (citing 15 U.S.C. § 1071(b)). Further, district courts can conduct initial proceedings to determine the validity of or affirm federal registrations for marks without prior resort to the TTAB. *Id.* (citing 15 U.S.C. § 1119).

Secondly, the First Circuit recognized that when issues of infringement or non-infringement are present, as in the instant case, there is often some urgency. *Id.* The TTAB cannot provide relief for infringement or declare that there is no infringement. *Id.* Further, any

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<sup>2</sup> While generalizations concerning the standard of review of the TTAB by a district court do not do this complex issue justice, the standard of review is somewhat close to a de novo proceeding. *Id. at n2.*

decision by the TTAB can be easily re-litigated by a district court. Under this reasoning, the doctrine of primary jurisdiction should not apply in this case and the South Carolina action should be allowed to proceed.

The Second Circuit in *Goya Foods* also reached the same conclusion that a civil action should not be stayed pending a TTAB proceeding. The Second Circuit specifically noted that any decision of the TTAB is not binding on a district court while a district court's decision is binding on the TTAB. *Goya Foods*, 846 F.2d at 852-53. Further, the TTAB's "expertise is hardly necessary in federal district courts which regularly adjudicate trademark matters." *E & J Gallo Winery v. F. & P. S.p.A.*, 899 F. Supp. 465, 468 (E.D. Calif. 1994). The Court in *E & J Winery* held that: "Finally and most importantly, the validity or invalidity of [a party's registration] is not dispositive in an infringement suit." *Id.* Ultimately, therefore, "where, as in the pending case, a district suit concerns infringement, the interest in prompt adjudication far outweighs the value of having the views of the PTO." *Goya Foods, Inc.*, 846 F.2d at 853-54. Even if this court were to await the outcome of the TTAB proceeding, it would not affect the legal standard applied in the declaration for non-infringement or alter the scope of the required evidentiary proceedings. *Id.* The District court would still independently have to determine the validity of the Defendant's mark, find the dissimilarities between the Plaintiff's and the Defendant's goods, evaluate the consumers and marketplace and determine the likelihood of consumer confusion. *Id.*

In the instant case, Plaintiff instigated this action in order to seek a final determination on the merits of, among other matters, non-infringement. Since at least as early as January of 2004, the parties have been under the specter of litigation. Resolution of these issues with finality and as quickly and efficiently as possible will benefit both parties. Therefore, because the South

Carolina District court is the forum to resolve these issues, and because the District court's findings will be binding on the TTAB, a stay of the South Carolina action will only further delay final resolution and would result in duplicative efforts concerning a likelihood of confusion analysis. Therefore, Plaintiff believes that the doctrine of primary jurisdiction should not be applied and the South Carolina action should move forward.

Respectfully submitted,



Douglas W. Kim, Fed ID No. 9004

Rita M. McKinney, Fed ID No. 4852

D. Michael Henthorne, Fed ID No. 6386

McNAIR LAW FIRM, P.A.

P.O. Box 10827

Greenville, SC 29603

864-232-4261

Attorneys for Plaintiff

Dated: September 23, 2004.

**Date of Publication:** September 16, 2003 (both)

Hill Design, Inc.,  
Opposer,  
  
v.  
  
Roylco Inc.,  
Applicant.

**EXHIBIT** A

wide sales. Since 1983, Hill Design has adopted and federally registered several **BROWN BAG** trademarks for its craft goods, thereby establishing a strong family of marks. Under the **BROWN BAG** family, Hill Design has offered over 250 different designs of ceramic molds and pans for crafts (including for paper-art, papermaking, and making beeswax candles, cookies and shortbread) and "how-to" and recipe booklets.

2. Hill Design has federally registered or applied to register the following **BROWN BAG** marks:

<u>Mark</u>	<u>Registration / Serial No.</u>	<u>Goods</u>
<b>BROWN BAG COOKIE ART (and design) ("cookie art" disclaimed)</b>	Reg. No. 1,366,725; registered on 10/22/85	cookie molds
<b>BROWN BAG</b>	Ser. No. 78/176,372; approved for publication on 11/10/02	ceramic cookie molds
<b>BROWN BAG COOKIE ART</b>	Ser. No. 78/212,170; Previous Reg. No. 1,904,477 (with "cookie art" disclaimed)	ceramic and printed goods
<b>BROWN BAG PAPER ART</b>	Previous Reg. No. 1,955,388 (with "paper art" disclaimed)	ceramic cookie molds

3. Hill Design has expended substantial effort and money since 1983 to promote its **BROWN BAG** marks. Hill Design has expended at least \$23,000,000 in promotion and

advertising of **BROWN BAG** marks and marked goods, and it has enjoyed over \$40,000,000 in sales of such marked items.

4. Hill Design has widely advertised its **BROWN BAG** marks and goods in periodicals, consumer and wholesale brochures, and catalogs with printings running into the millions. **BROWN BAG** marked goods have also enjoyed unsolicited, unpaid, and often repeated reviews and references in periodicals and newspapers over the years, including: "Country Living Magazine," "Family Circle," "Woman's Day," the "Boston Globe," "Gift and Stationery Business," "Gift and Decorative Accessories," "International Cookie Cookbook" (back cover shot), Williams Sonoma catalog (from cover), "Bon Appetit," and "Chocolatier." Hill Design has also run paid advertising of its **BROWN BAG** marked products numerous times in trade magazines in ads ranging from 1/8 size to double page spreads. Hill Design also uses its marks and promotes its goods on the internet.

5. Hill Design's **BROWN BAG** molds and goods have been displayed in numerous arts and crafts shows over the years, including: the "Gourmet Products" shows from 1984 to 2000; in its own, dedicated showroom at the Atlanta Gift Mart from 1997 to 1999; ten years (non-consecutive) at the League of New Hampshire Craftsmen's Fair; several export shows in the United Kingdom, Germany, and Japan; and in numerous regional gift shows throughout the U.S.

6. As a result of the substantial and continuous use, promotion, advertising, and media and public exposure of Hill Design's **BROWN BAG** marks in connection with its molds and booklets, consumers have come to recognize the **BROWN BAG** marks as identifying high-quality goods emanating exclusively from Hill Design. Accordingly, Hill Design has established a strong family of **BROWN BAG** marks, and the marks have become famous for its goods.

### The Opposed Applications

7. Upon information and belief, Applicant is a New York corporation with principal place of business in Anderson, South Carolina (hereinafter "Applicant").

8. On August 13, 2001, Applicant filed intent-to-use applications to register the marks **BROWN BAG CRAFTS** (Ser. No. 76/299,861) and **BROWN BAG CRAFTS (with design)** (Ser. No. 76/299,860). Applicant has disclaimed exclusive rights to the term "crafts" apart from the marks as wholes. The design element of applicant's second mark appears to consist solely in presenting particular letters of the wording in color.

9. The applications were published on September 16, 2003, with the following identification of goods for both:

"hobby craft set containing children's educational and creative products, namely, gummed paper, paper name tags, stickers, craft paper, yarn, pre-cut paper shapes, finger paints, pre-cut decorative shapes, felt cut-outs, pipe cleaners, feathers, foam craft shapes, bead buddies, pom poms, glue, and activity guides."

10. Hill Design timely filed 30-day extensions of time to file notices of opposition in both applications on October 15, 2003, pursuant to 37 C.F.R. Section 2.102. The extensions were granted until Saturday, November 15, 2003. Hill Design timely files this Notice of Opposition by express mail.

### Hill Design Will Be Severely Damaged by Registration of the Opposed Applications

11. Registration of Applicant's **BROWN BAG CRAFTS** ("crafts" disclaimed) marks will create a great likelihood of confusion with Hill Design's prior-registered **BROWN BAG COOKIE ART (and design)** ("cookie art" disclaimed) mark. Such registration would severely harm Hill Design.

12. Applicant has copied exactly the initial wording of Hill Design's registered mark – the arbitrary terms **BROWN BAG**, and it has positioned this wording as the leading element of

the applied-for marks. Moreover, the terms **BROWN BAG** are the *only* distinctive element in Applicant's marks. Thus, in appearance, sound, and meaning, the marks are essentially the same.

13. Applicant would register its marks for the essentially the same goods that Hill Design offers – craft goods. Applicant identifies the following in its applications, inter alia, “hobby craft set[s],” craft paper, and “activity guides.” Hill Design has registered its plead mark for what are essentially “craft sets,” namely cookie molds used by crafts people in their pursuits. Indeed, “craft paper” is closely related to Hill Design’s cookie molds. It is quite ordinary and commonplace in the craft world to use cookie molds and stamps in paper-art and papermaking. (Moreover, Applicant’s “activity guides” and various “paper” goods are the same as and subsumed within Hill Design’s identification for the previously registered and currently pending **BROWN BAG COOKIE ART (words only)** mark.)

14. Thus, Applicant’s marks are essentially identical to Hill Design’s previously registered (and pending) **BROWN BAG** mark(s), and they are used on closely related and the same goods. The parties’ goods are used in the same activities, and can even be used in connection with each other. Relevant purchasers of these goods are also the same, and the goods are offered in the same outlets – craft stores. Registration of Applicant’s marks would, therefore, create a great likelihood of consumer confusion and harm.

15. Considering Hill Design’s registered **BROWN BAG** marks dating back to 1985, Applicant should have adopted a very different mark for its closely related goods. (Hill Design’s **BROWN BAG PAPER ART** mark was registered when Applicant filed its applications for, inter alia, paper craft sets. Even a cursory review of the Register would have revealed Hill Design’s marks.) Applicant’s mere addition of one generic term to the highly distinctive



**BROWN BAG** portion of Hill Design's registered mark plead here is insufficient, if not highly suspect.

\*

\*

\*

**WHEREFORE**, Hill Design, Inc. respectfully requests that the Trademark Trial and Appeal Board refuse Applicant Roylco Inc.'s applications to register the **BROWN BAG CRAFTS (with and without design)** trademarks.

**HILL DESIGN, INC.**

Dated: November 17, 2003



By: Garfield Goodrum  
Title: Secretary

Hill Design, Inc.  
631 Town Hill Road  
Reading, VT 05062  
(802) 484-9034  
fax: (802) 484-9144  
[gbgoodrum@earthlink.net](mailto:gbgoodrum@earthlink.net)

**CERTIFICATE OF SERVICE**

I certify that I deposited a true copy of the foregoing Notice of Opposition with the U.S. Postal Service as first class mail, postage pre-paid, addressed to counsel of record for applicant Roylco Inc., namely, Allen F. Creighton, McNair Law Firm, P.A., 1301 Gervaid Street, Columbia, SC 29201, on November 17, 2003.



By: Garfield Goodrum

TTAB



**HILL DESIGN, INC.**

November 17, 2003

Via U.S. Mail, First Class, Certified

7002 0860 0006 3692 2043

Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia  
22202-3514

NOV 17 2003 PM 5:00 PM  
U.S. MAIL  
FIRST CLASS  
PERMIT NO. 1000  
ARLINGTON, VA 22202

11-20-2003

Postnet & TMOc/TM Mail Receipt #04

Re: Hill Design, Inc., v. Roylco Inc.  
Trademark Trial and Appeal Board  
Opposition to Application Nos.: 76299860 and 76299861  
For the marks: **BROWN BAG CRAFTS (with and without design)**

Dear Sir:

Enclosed please find one original and one true copy of Hill Design, Inc.'s Notice of Opposition to the above-referenced trademark applications, as well as a U.S. Postal Service money order in the amount of SIX HUNDRED DOLLARS (\$600) for the filing fee.

Please contact me, if you have any questions regarding this matter.

Sincerely,

HILL DESIGN, INC.

Garfield Goodrum  
Secretary

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

HILL DESIGN, INC.,

Opposer,

v.

ROYLCO, INC.

Applicant.

Applicant: Roylco, Inc.

Marks: BROWN BAG CRAFTS  
BROWN BAG CRAFTS and DESIGN

Opposition No:

Serial Nos: 76/299,860 and 76/299,861

Atty. Docket No: 029102.00006



01-26-2004

U.S. Patent & TMOs/TM Mail Rpt Dt #79

APPLICANT'S ANSWER TO NOTICE OF OPPOSITION

Applicant is the owner of the marks BROWN BAG CRAFTS, BROWN BAG CRAFTS and DESIGN, and the application serial nos. 76/299,860 and 76/299,861. On September 16, 2003, applicant's applications were published for opposition. On November, 17, 2003 Opposer filed a Notice of Opposition. Applicant is filing its Answer within forty days from the mailing of the Notice of Opposition. Applicant believes that Opposer does not have sufficient grounds on which to oppose its application and sets forth its Answer in numbered paragraphs which correspond to those in the Notice of Opposition below:

1. Applicant denies that Opposer has established a strong family of marks. Applicant is without sufficient information or knowledge to establish a belief as to whether the remaining allegations of paragraph 1 are true or false and therefore denies same.
2. Applicant incorporates its affirmative defenses and counterclaims herein and is without sufficient information or knowledge to establish a belief as to whether the remaining allegations of paragraph 2 are true or false and therefore denies same.

3. Applicant is without sufficient information or knowledge to establish a belief as to whether the allegations of this paragraph are true or false and therefore denies same.

4. Applicant is without sufficient information or knowledge to establish a belief as to whether the allegations of this paragraph are true or false and therefore denies same.

5. Applicant is without sufficient information or knowledge to establish a belief as to whether the allegations of this paragraph are true or false and therefore denies same.

6. Denied.

7. Admitted.

8. Denied as to the allegation that the design elements of applicant's second mark appears to consist solely in presenting particular letters of the working in color. The remaining allegations of this paragraph are admitted.

9. Admitted.

10. Applicant is without sufficient information or knowledge to establish a belief as to whether the allegations of this paragraph are true or false and therefore denies same.

11. Denied.

12. Denied.

13. Denied.

14. Denied.

15. Denied.

#### **FIRST AFFIRMATIVE DEFENSE AND COUNTERCLAIM**

16. After having knowledge of the use and development of Applicant's trademark and service mark rights, Opposer filed registration 78/176,372 claiming national use of the mark BROWN BAG.

17. By Opposer's own allegations, Opposer believes that the goods of the Opposer and the Applicant are likely to cause confusion with the goods of the Applicant. (Opposition paragraphs 13 and 14).

18. Since, Opposer knew of Applicant's rights and believes that such rights are likelihood to be confused with Applicant's, Opposer's Registration 78/176,372 was fraudulently filed.

19. Opposer's therefore, should not be allowed to maintain this opposition for committing fraud on the Trademark Office and amounts to unclean hands.

20. Application serial no. 78/176,372 should be cancelled.

#### **SECOND AFFIRMATIVE DEFENSE AND COUNTERCLAIM**

21. Applicant incorporates paragraphs 1 through 20 herein.

22. After having knowledge of the use and development of Applicant's trademark and service mark rights, Opposer filed registration 78/212,170 claiming national use of the mark BROWN BAG COOKIE ART.

23. By Opposer's own allegations, Opposer believes that the goods of the Opposer and the Applicant are likelihood to cause confusion. (Opposition paragraphs 13 and 14).

24. Since Opposer knew of Applicant's rights and believes that such rights are likelihood of confusion with Applicant's, Opposer's Registration 78/212,170 was fraudulently filed.

25. Opposer's therefore should not be allowed to maintain this opposition for committing fraud on the Trademark Office and application serial no. 78/212,170 should be cancelled.

### THIRD AFFIRMATIVE DEFENSE

26. Applicant incorporates paragraphs 1 through 25 herein.
27. Applicant incorporates by reference the allegations of paragraphs 1 through 19 as if expressly plead herein.
28. Opposer seeks to support its opposition allegations by illustrating that registrations or applications have been previously filed with the Trademark Office.
29. Opposer lists serial no. 78/212,170 to support its rights and lists "Previous Reg. No. 1,904,477 in support of its rights.
30. Registration No 1,904,477 was cancelled on July 20, 2002 due to Opposer's failure to comply with the requirements of Section 8.
31. Opposer's failure to comply with section 8 is Opposer's failure to provide the affidavit attesting that the mark BROWN BAG COOKIE ART was currently being used in commerce.
32. Opposer also failed to show why any non-use was excusable.
33. Opposer lists "Previous Reg. No. 1,955,388" in support of its rights.
34. Registration No 1,955,388 was cancelled on November 9, 2002 due to Opposer's failure to comply with the requirements of Section 8.
35. Opposer's failure to comply with section 8 is Opposer's failure to provide the affidavit attesting that the mark BROWN BAG PAPER ART was currently being used in commerce.
36. Opposer also failed to show why any non-use was excusable.

37. Since Opposer seeks to support its opposition with a cancelled registration, Opposer wishes to mislead the TTAB and such actions amount to unclean hands, fraud and an abuse of process.

WHEREFORE, Applicant prays that the Board will find that Opposer has no grounds for opposing the registration of Applicant's mark and will dismiss this Opposition with prejudice, cancel applications 78/176,372 and 78/128,170 and award costs to the Applicant.

Two copies of this Answer are enclosed herein and Applicant certifies below that a copy of this Answer has been served upon the attorneys for the Opposer.

Respectfully submitted,

McNAIR LAW FIRM, P.A.  
Post Office Box 11390  
Columbia, SC 29211  
864-799-9800

By: Allen F. Creighton  
Allen F. Creighton  
Attorney for the Applicant

Date: 1/19/04

#### CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the U.S. Postal Service as first class mail in an envelope addressed to U.S. Department of Commerce, Patent and Trademark Office, Trademark Trial and Appeal Board, 2900 Crystal Drive, Arlington, Virginia 22202-3513 on the date shown below.

Allen F. Creighton  
Allen F. Creighton  
Attorney for Applicant  
January 19, 2004

#### CERTIFICATE OF SERVICE

I certify that I deposited a true copy of the foregoing Notice of Opposition with the U.S. Postal Service as first class mail, postage pre-paid, addressed to Opposer, Hill Design, Inc., namely, Garfield Goodrum, Hill Design, Inc., 631 Town Hill Road, Reading, VT 05062 on January 19, 2004.

Allen F. Creighton  
Allen F. Creighton  
Attorney for Applicant

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS  
SPRINGFIELD DIVISION

FILED  
CLERK'S OFFICE

MAY 24 AM 10:46

04-30100-KPN

U.S. DISTRICT COURT  
DISTRICT OF MASS.

Hill Design, Inc.,  
Plaintiff,

v.

Roylco Inc.,  
Defendant.

Civil Action No.

**JURY TRIAL REQUESTED**

**INJUNCTIVE RELIEF SOUGHT**

**COMPLAINT**

NOW COMES plaintiff, Hill Design, Inc. ("Hill Design"), by its undersigned Secretary and shareholder, admitted in Massachusetts, and alleges as follows, upon actual knowledge with respect to itself and its own acts, and upon information and belief as to all other matters:

**NATURE OF THE ACTION**

1. This is an action for trademark infringement, trademark dilution, unfair competition, and cyberpiracy, all under federal, state, or common law. Defendant Roylco Inc. has adopted and is using trademarks that are essentially identical to Hill Design's famous and venerable family of **BROWN BAG** trademarks for essentially the same goods, namely craft goods. Defendant has also registered the distinctive portion of Hill Design's family of marks – **BROWN BAG** with the generic term **CRAFTS** in the domain name [www.BROWNBAGCRAFTS.com](http://www.BROWNBAGCRAFTS.com), where defendant operates a web site advertising its goods. Finally, Defendant has applied to the U.S. Trademark Office ("PTO") to register **BROWN BAG** with the generic **CRAFTS** and with and without a generic design element. Defendant's uses of Hill Design's **BROWN BAG** mark with a generic term and design are likely to cause confusion,

**EXHIBIT** C



mistake, or deception of the public as to the source, sponsorship, or approval of Hill Design's and defendant's goods and web sites.

### **THE PARTIES**

2. Plaintiff Hill Design is a New Hampshire domestic corporation with principal place of business at 50 Route 3A, Hill, New Hampshire, 03243.

3. Defendant Roylco Inc. is a New York corporation with principal place of business at 3251 Abbeville Highway, Anderson, South Carolina, 29624.

### **JURISDICTION AND VENUE**

4. The court has jurisdiction over the subject matter of this action pursuant to 15 U.S.C. Sections 1114, 1116, 1117, 1119, 1121, 1125(a), and 1125(d)(1)(A) and 28 U.S.C. Sections 1331, 1332, 1338(a), 1338(b), and 1367. The dispute involves an amount in controversy in excess of \$75,000.

5. Hill Design offers its goods nationwide and internationally. In Massachusetts, Hill Design sells its products to retailers, including: Cape Cod Cotton Cast in Yarmouthport, Crickets Corner in Middleboro, and the Old Country Store and Emporium in Mansfield.

6. Hill Design's claims arise in part in this District as well as in various other states and territories where defendant offers its goods with marks that infringe Hill Design's registered and unregistered marks.

7. Defendant distributes its goods in Massachusetts through a Massachusetts distributor, namely, J.L. Hammett Co. located in Braintree. Defendant holds J.L. Hammett Co. out as a Massachusetts distributor of defendant.

8. Defendant also distributes its goods through an interactive web site, namely [www.ZOOSCAPE.com](http://www.ZOOSCAPE.com), where Massachusetts residents are able to purchase defendant's goods.

Indeed, Hill Design has evidence of infringement from a Massachusetts resident, who purchased defendant's infringing goods via that site.

### **PRIOR PROCEEDINGS**

9. On November 17, 2003, after several attempts to contact defendant, Hill Design was forced to file a Notice of Opposition at the U.S. Trademark Trial and Appeal Board against two applications filed by defendant for its infringing marks. On February 3, 2004, Hill Design filed a Motion to Suspend for Settlement Discussions assented to by defendant.

10. On May 4, 2004, in extreme bad faith, defendant sand-bagged Hill Design by filing an impermissible anticipatory action in the U.S. District Court for the District of South Carolina, Anderson Division, seeking, inter alia, a declaration of no likelihood of confusion. Hill Design will move forthwith to transfer the South Carolina action to this Court.

### **HILL DESIGN'S VENERABLE TRADEMARK RIGHTS**

11. Hill Design is a leading designer and distributor of ceramic products offered in the crafts market, and has been in business for over twenty years with nation- and world-wide sales. Since 1983, Hill Design has used and federally registered several **BROWN BAG** trademarks for its craft goods, thereby establishing a strong and famous family of marks. Under the **BROWN BAG** family, Hill Design has offered over 250 different designs of ceramic molds and pans for cookie making and crafts, including paper-art, wax-art, papermaking, and making beeswax candles, candy. Hill Design has distributed millions of such **BROWN BAG** molds. A large secondary market of **BROWN BAG** molds exists on the eBay web site. Hill Design has also authored several "how-to" books and booklets that it distributes with its craft goods and separately.

12. Hill Design has used the following **BROWN BAG** marks (some federally registered or subject of pending federal applications) to offer its craft molds and books:

<u>Mark</u>	<u>Registration / Serial No.</u>	<u>Goods</u>
<b>BROWN BAG</b>	Reg. No. 2,831,893; registered on 4/13/2004	ceramic cookie molds
<b>BROWN BAG</b>	Ser. No.; 78/423,157 filed on May 21, 2004; use since 1983 alleged	ceramic molds used in craft making, namely, paper, wax and candy art, paper making, and candle making
<b>BROWN BAG COOKIE ART</b> (and design) ("cookie art" disclaimed)	Reg. No. 1,366,725; registered on 10/22/85	cookie molds
<b>BROWN BAG COOKIE ART</b>	Ser. No. 78/212,170; Previous Reg. No. 1,904,477 (with "cookie art" disclaimed)	<u>inter alia</u> , recipe and instruction books, ceramic craft and cooking molds
<b>BROWN BAG PAPER ART</b>	Previous Reg. No. 1,955,388 (with "paper art" disclaimed)	ceramic cookie molds

13. Hill Design has expended substantial effort and money since 1983 to promote its **BROWN BAG** marks. Hill Design has expended at least \$23,000,000 in promotion and advertising of **BROWN BAG** marks and marked goods, and it has enjoyed over \$40,000,000 in sales of such marked items.

14. Hill Design has widely advertised its **BROWN BAG** marks and goods in periodicals, consumer and wholesale brochures, and catalogs with printings running into the millions. **BROWN BAG** marked goods have also enjoyed unsolicited, unpaid, and often repeated reviews and references in periodicals and newspapers over the years, including: "Country Living Magazine," "Family Circle," "Woman's Day," the "Boston Globe," "Gift and Stationery Business," "Gift and Decorative Accessories," "International Cookie Cookbook" (back cover shot), Williams Sonoma catalog (front cover), "Bon Appetit," and "Chocolatier." Hill Design has also run paid advertising of its **BROWN BAG** marked products numerous times in trade magazines in ads ranging from 1/8 size to double page spreads. Hill Design also uses its marks and promotes its goods on the internet.

15. Hill Design's **BROWN BAG** molds and goods have been displayed in numerous arts and crafts shows over the years, including: the "Gourmet Products" shows from 1984 to 2000; in its own, dedicated showroom at the Atlanta Gift Mart from 1997 to 1999; ten years (non-consecutive) at the League of New Hampshire Craftsmen's Fair; several export shows in the United Kingdom, Germany, and Japan; and in numerous regional gift shows throughout the U.S.

16. As a result of the substantial and continuous use, promotion, advertising, and media and public exposure of Hill Design's **BROWN BAG** marks in connection with its craft molds and booklets, consumers have come to recognize the **BROWN BAG** marks as identifying high-quality goods emanating exclusively from Hill Design. Accordingly, Hill Design has established a strong family of **BROWN BAG** marks, and the marks have become famous for its goods, as that term is used in U.S. trademark dilution law.

## DEFENDANT'S WRONGFUL ACTS

17. At least as early as February, 2002, defendant began using **BROWN BAG CRAFTS (with and without design)** as trademarks for the same goods that Hill Design offers – craft goods. Defendant's marks copy exactly the initial wording of Hill Design's family of famous marks – the arbitrary terms **BROWN BAG**. Defendant has positioned this wording as the leading element of its marks. The terms **BROWN BAG** are the *only* distinctive, source-indicating elements. Defendant has disclaimed exclusive rights to CRAFTS (the generic term for the parties' goods) in its PTO applications, and the design element appears to consist solely in presenting a few letters in color. Thus, in appearance, sound, and meaning, the marks are essentially identical.

18. Defendant uses the **BROWN BAG CRAFTS** marks in Massachusetts to sell various craft kits, including paper-art kits.<sup>1</sup> However, since well before defendant, Hill Design has used its **BROWN BAG** family of marks for craft goods both in the Commonwealth and nationwide. Hill Design offers ceramic molds used by crafts people in their pursuits. It is quite ordinary and commonplace in the craft world to use cookie molds and stamps in paper-art and papermaking, as well as in wax-art and candle making. Moreover, also for years prior to defendant, Hill Design has distributed "how to" instruction guides for these craft activities both with its molds and separately. Thus, through its substantial and continuous prior use, Hill Design has clear seniority of rights relative to defendant for craft goods.

<sup>1</sup> Defendant's PTO applications recite the following identification of goods for both: "hobby craft set containing children's educational and creative products, namely, **gummed paper, paper name tags, stickers, craft paper, yarn, pre-cut paper shapes, finger paints, pre-cut decorative shapes, felt cut-outs, pipe cleaners, feathers, foam craft shapes, bead buddies, pom poms, glue, and activity guides.**" (Emphasis added.)

19. Defendant's uses its marks for craft goods, just as does Hill Design. Defendant's goods are closely related to those of Hill Design, and they are used in the same activities and even in connection with each other. Relevant purchasers of these goods are also the same, and the goods are offered in the same outlets – craft stores. Use and registration of defendant's marks would, therefore, create a great likelihood of consumer confusion and harm.

20. Indeed, on or about December 17, 2003, Ms. Julie Ann Roberts, a nurse and mother residing in Quincy, ordered in Massachusetts three of defendant's paper-art craft kits from the web site [www.ZOOSCAPE.com](http://www.ZOOSCAPE.com). These kits were shipped to Ms. Roberts at her home in Quincy via U.S. Mail – Priority Service, where Ms. Roberts received them. The kits are titled: "Animal Puppets Origami Kit," "Sealife Collage Puzzles Kit," and "Safari Collage Puzzles Kit." Each kit is prominently marked with the **BROWN BAG CRAFTS** marks on its packaging.

21. The distribution of these three paper-art kits to Ms. Roberts in Massachusetts constitutes trademark infringement, dilution, and unfair competition. Considering the significant fame of Hill Design's **BROWN BAG** family of marks for craft and paper-art activities, its registered **BROWN BAG** mark dating back to 1985, and its significant internet presence, defendant should have used a very different mark for its distribution of closely related goods in Massachusetts and nationally. (Hill Design's **BROWN BAG PAPER ART** mark was registered when Defendant filed its PTO applications for, *inter alia*, paper craft sets. Even a cursory review of the Principal Trademark Register would have revealed Hill Design's marks, not to mention a simple web search.) Defendant's actions are highly suspicious and suggestive of willful, predatory infringement.

22. Hill Design believes defendant is continuing to infringe its trademarks in Massachusetts and nationally. Hill Design has no adequate remedy at law.

**FIRST CLAIM FOR RELIEF:  
TRADEMARK INFRINGEMENT UNDER SECTION 32(1)  
OF THE LANHAM ACT, 15 U.S.C. § 1114(1)**

23. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 22 above.
24. Defendants aforesaid acts constitute infringement of Hill Design's federally registered **BROWN BAG** and **BROWN BAG COOKIE ART (and design)** trademarks in violation of Section 32(1) of the Trademark Act of 1946, as amended, 15 U.S.C. § 1114(1), entitling plaintiff to relief from this Court.

**SECOND CLAIM FOR RELIEF:  
TRADEMARK INFRINGEMENT UNDER SECTION 43(a)  
OF THE LANHAM ACT, 15 U.S.C. § 1125(a)**

25. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 24 above.
26. Defendants aforesaid acts constitute infringement of Hill Design's common law (in one case, now registered) **BROWN BAG** family of trademarks in violation of Section 43(a) of the Trademark Act of 1946, as amended, 15 U.S.C. § 1125(a), entitling plaintiff to relief from this Court.

**THIRD CLAIM FOR RELIEF:  
TRADEMARK DILUTION UNDER SECTION 43(c)  
OF THE LANHAM ACT, 15 U.S.C. § 1125(c)**

27. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 26 above.
28. Based on the inherent distinctiveness of Hill Design's **BROWN BAG** family of marks; Hill Design's duration and extent of use of the family; the duration and extent of media coverage and advertising of the marks; the nature of the trade channels Hill Design uses to market its goods under its family of marks compared to those used by defendant; the degree of public recognition of the family; and federal registration by Hill Design; Hill Design's family of

**BROWN BAG** marks have become famous as that term is used in Section 43(c) of the Lanham Act.

29. The aforesaid acts of defendant, all occurring long after the **BROWN BAG** family of marks became famous, are diluting the distinctiveness of, or are likely to cause dilution of Hill Design's famous family of marks, and thus constitute dilution in violation of Section 43(c) of the Trademark Act of 1946, as amended, 15 U.S.C. Section 1125(c), entitling plaintiff to relief from this Court.

**FOURTH CLAIM FOR RELIEF:  
FEDERAL CYBERPIRACY UNDER SECTION 43(d)(1)(A)  
OF THE LANHAM ACT, 15 U.S.C. § 1125(d)(1)(A)**

30. Plaintiff re-alleges and incorporate by reference paragraphs 1 through 29 above.

31. Defendants' acts of registering and maintaining registration of an internet domain name in bad faith that contains Hill Design's famous **BROWN BAG** trademarks, namely, <www. BROWNBAGCRAFTS.com>, constitutes cyberpiracy in violation of Section 43(d)(1)(A) of the Trademark Act of 1946, as amended, 15 U.S.C. § 1125(d)(1)(A) , entitling plaintiff to relief from this Court.

**FIFTH CLAIM FOR RELIEF: TRADEMARK  
INFRINGEMENT AND DILUTION PROHIBITED BY  
MASSACHUSETTS GENERAL LAW TITLE XV, CHAPTER 93(a)**

32. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 31 above.

33. At all times relevant to this action, Massachusetts prohibited trademark infringement and dilution. Defendants aforesaid acts constitute trademark infringement and dilution in violation of Massachusetts General Law 110B et seq. 93(a), entitling plaintiff to relief from this Court.



**SIXTH CLAIM FOR RELIEF:  
UNFAIR PRACTICES PROHIBITED BY  
MASSACHUSETTS GENERAL LAW TITLE XV, CHAPTER 93(a)**

34. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 33 above.
35. At all times relevant to this action, Massachusetts prohibited unfair and deceptive acts and practices in trade or commerce.
36. Massachusetts General Law 93(a)(2) provides: "Unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful.
37. Defendants aforesaid acts constitute unfair and deceptive acts and practices in violation of Massachusetts General Law 93(a), entitling plaintiff to relief from this Court.

**PRAYER FOR RELIEF**

**WHEREFORE**, Hill Design, Inc. respectfully requests that this court:

- A. Award Hill Design a preliminary and permanent injunction enjoining Roylco Inc., its principals, employees, agents, representatives, distributors, sellers, dealers, and all persons in active concert or participation with any of them, from using any mark containing **BROWN BAG**, including **BROWN BAG CRAFTS (with and without design)**, or any other mark, name, domain name, or designation confusingly similar to Hill Design's **BROWN BAG** family of marks in connection with any craft or cookie related good or service.
- B. Award Hill Design a monetary relief including damages sustained by Hill Design in an amount not yet determined, but believed to be in excess of \$75,000.
- C. Order Roylco Inc. to deactivate its WWW.BROWNBAGCRAFTS.com web site and transfer the BROWNBAGCRAFTS.com domain name registration to Hill Design.

D. Order Roylco Inc. to expressly abandon any applications for trademark registration filed with federal and state authorities for the **BROWN BAG CRAFTS** marks, including those at the U.S. Trademark Office under Serial Nos. 76/299,860 and 76/299,861.

E. Order Roylco Inc. to withdraw any trade or business name filing for **BROWN BAG CRAFTS** or any trade or business names confusingly similar to Hill Design's family of **BROWN BAG** marks.

F. Award Hill Design treble damages pursuant to 15 U.S.C. Section 1117.

G. Award Hill Design its attorneys fees and costs in this action.

H. Award Hill Design other relief as the court may deem appropriate.

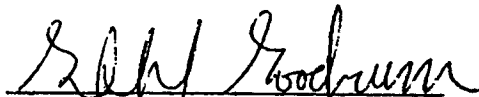
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\*

**HILL DESIGN, INC.**

Dated: May 21, 2004



By: Garfield Goodrum, Jr., Esq.

Title: Secretary

(B.B.O. No. 640666)

Hill Design, Inc.  
631 Town Hill Road  
Reading, VT 05062  
(802) 484-9034  
fax: (617) 904-1753  
[gbgoodrum@earthlink.net](mailto:gbgoodrum@earthlink.net)

### CERTIFICATE OF SERVICE

I certify that I deposited a true copy of the foregoing Complaint with the U.S. Postal Service, postage pre-paid, addressed to counsel of record for defendant Roylco Inc., namely, Allen F. Creighton, Hunter Freeman, McNair Law Firm, P.A., 1301 Gervais Street, Columbia, SC 29201, on May 2<sup>nd</sup>, 2004.

  
By: Garfield Goodrum

# The United States of America



## CERTIFICATE OF REGISTRATION PRINCIPAL REGISTER

*The Mark shown in this certificate has been registered in the United States Patent and Trademark Office to the named registrant.*

*The records of the United States Patent and Trademark Office show that an application for registration of the Mark shown in this Certificate was filed in the Office; that the application was examined and determined to be in compliance with the requirements of the law and with the regulations prescribed by the Director of the United States Patent and Trademark Office; and that the Applicant is entitled to registration of the Mark under the Trademark Act of 1946, as Amended.*

*A copy of the Mark and pertinent data from the application are part of this certificate.*

*This registration shall remain in force for TEN (10) years, unless terminated earlier as provided by law, and subject to compliance with the provisions of Section 8 of the Trademark Act of 1946, as Amended.*



*Jon W. I. Dudas*

Acting Director of the United States Patent and Trademark Office

**Int. Cl.: 21**

**Prior U.S. Cls.: 2, 13, 23, 29, 30, 33, 40 and 50**

**United States Patent and Trademark Office**

**Reg. No. 2,831,893**

**Registered Apr. 13, 2004**

**TRADEMARK  
PRINCIPAL REGISTER**

**BROWN BAG**

**HILL DESIGN, INC. (NEW HAMPSHIRE COR-  
PORATION)  
631 TOWN HILL ROAD  
READING, VT 05062**

**OWNER OF U.S. REG. NO. 1,366,725.**

**FOR: CERAMIC COOKIE MOLDS, IN CLASS 21  
(U.S. CLS. 2, 13, 23, 29, 30, 33, 40 AND 50).**

**SER. NO. 78-176,372, FILED 10-21-2002.**

**FIRST USE 3-1-1983; IN COMMERCE 3-1-1983.**

**TARAH HARDY, EXAMINING ATTORNEY**

## **Requirements for Maintaining a Federal Trademark Registration**

### **SECTION 8: AFFIDAVIT OF CONTINUED USE**

The registration shall remain in force for 10 years, except that the registration shall be canceled for failure to file an Affidavit of Continued Use under Section 8 of the Trademark Act, 15 U.S.C. §1058, upon the expiration of the following time periods:

- i) At the end of 6 years following the date of registration.
- ii) At the end of each successive 10-year period following the date of registration.

*Failure to file a proper Section 8 Affidavit at the appropriate time will result in the cancellation of the registration.*

### **SECTION 9: APPLICATION FOR RENEWAL**

The registration shall remain in force for 10 years, subject to the provisions of Section 8, except that the registration shall expire for failure to file an Application for Renewal under Section 9 of the Trademark Act, 15 U.S.C. §1059, at the end of each successive 10-year period following the date of registration.

*Failure to file a proper Application for Renewal at the appropriate time will result in the expiration of the registration.*

**No further notice or reminder of these requirements will be sent to the Registrant by the Patent and Trademark Office. It is recommended that the Registrant contact the Patent and Trademark Office approximately one year before the expiration of the time periods shown above to determine the requirements and fees for the filings required to maintain the registration.**

Thank you for your request. Here are the latest results from the TARR web server.

This page was generated by the TARR system on 2004-05-21 20:54:03 ET

Serial Number: 73483240 Assignment Information

Registration Number: 1366725 Assignment Information

Mark



(words only): BROWN BAG COOKIE ART

Standard Character claim: No

Current Status: A Section 8 affidavit has been accepted.

Date of Status: 1992-05-13

Filing Date: 1984-06-01

Transformed into a National Application: No

Registration Date: 1985-10-22

Register: Principal

Law Office Assigned: (NOT AVAILABLE)

If you are the applicant or applicant's attorney and have questions about this file, please contact the Trademark Assistance Center at [TrademarkAssistanceCenter@uspto.gov](mailto:TrademarkAssistanceCenter@uspto.gov)

Current Location: 940 -Trademark Search Library

Date In Location: 2004-04-27

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**LAST APPLICANT(S)/OWNER(S) OF RECORD**

<http://tarr.uspto.gov/servlet/tarr?regser=registration&entry=1366725>

5/21/2004

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**HILL DESIGN INC.**

**Address:**

HILL DESIGN INC.

7 EAGLE SQ.

HILL, NH 03301

United States

**Legal Entity Type:** Corporation

**State or Country of Incorporation:** New Hampshire

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**GOODS AND/OR SERVICES**

COOKIE MOLDS

**International Class:** 021

**First Use Date:** 1983-04-00

**First Use in Commerce Date:** 1983-04-00

**Basis:** 1(a)

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**ADDITIONAL INFORMATION**

**Disclaimer:** "COOKIE ART"

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**MADRID PROTOCOL INFORMATION**

(NOT AVAILABLE)

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**PROSECUTION HISTORY**

2004-05-02 - Section 15 affidavit received

2004-05-02 - TEAS Section 15 Received

2004-03-08 - TEAS Change of Correspondence Received

1992-05-13 - Section 8 (6-year) accepted

1992-05-04 - Response received for Post Registration action

1992-01-15 - Post Registration action mailed - Section 8

<http://tarr.uspto.gov/servlet/tarr?regser=registration&entry=1366725>

5/21/2004



1991-08-23 - Section 8 (6-year) filed  
1985-10-22 - Registered - Principal Register  
1985-08-13 - Published for opposition  
1985-07-16 - Notice of publication  
1985-05-23 - Approved for Pub - Principal Register (Initial exam)  
1985-05-20 - Communication received from applicant  
1985-05-20 - Examiner's amendment mailed  
1985-04-22 - Communication received from applicant  
1985-01-31 - Non-final action mailed

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**CONTACT INFORMATION**

---

**Correspondent (Owner)**

ELAINE GREENSTEIN (Attorney of record)

GARFIELD GOODRUM  
HILL DESIGN, INC  
631 TOWN HILL ROAD  
READING VT 05062

**Phone Number:** 802-484-9144

**Fax Number:** 802-484-9144

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

HILL DESIGN, INC.,  Opposer,  v.  ROYLCO, INC.  Applicant.	Applicant: Roylco, Inc.  Marks: BROWN BAG CRAFTS BROWN BAG CRAFTS and DESIGN  Opposition No: 91158755  Serial Nos: 76/299,860 and 76/299,861  Atty. Docket No: 029102.00006
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**APPLICANT'S MOTION TO SUSPEND OPPOSITION PROCEEDINGS  
PENDING THE OUTCOME OF CIVIL LITIGATION  
CASE NO: 8:04-CV-1397-27 PENDING IN THE  
UNITED STATES DISTRICT COURT  
DISTRICT OF SOUTH CAROLINA**

Applicant Roylco, Inc., by and through its undersigned attorneys, respectfully requests that the Trademark Trial and Appeal Board suspend these opposition proceedings pending the resolution and final determination of the civil action currently pending in the United States District Court for the District of South Carolina, Civil Action No: 8:04-CV-1397-27 (the "South Carolina action").<sup>1</sup> See T.T.A.B. § 510.02(a).

In this opposition, Opposer seeks the cancellation of Applicant's trademark applications serial nos. 76/299,860 and 76/299,861. On July 6, 2004, Opposer in the South Carolina action filed its Answer and Counterclaims and plead trademark infringement, unfair trade practices and included a prayer for relief that Applicant be ordered to expressly abandoned its trademark

<sup>1</sup> Opposer has also instigated a later filed action in the United States District Court, District of Massachusetts, containing the same issues as that of the first filed South Carolina action. Opposer has also attempted to have the South Carolina action dismissed or transferred to Massachusetts. On September 16, 2004, the District of South Carolina DENIED Opposer's motion so that the South Carolina action will be moving forward. It is anticipated that the Massachusetts action will be dismissed or transferred to South Carolina.

application serial nos. 76/299,860 and 76/299,861. Opposer asserts the same grounds for its position in the South Carolina action that it asserted in the opposition.

Whenever it comes to the attention of the Board that parties to a pending case are engaged in a civil action which may have a bearing on the case, proceedings before the Board may be suspended until termination of that civil action. T.T.A.B. § 510.02(a). That is primarily because, when a civil action in a Federal district court, as in this case, and the Federal action involves issues in common with those in a proceeding before the Board, the decision of the Federal district court is binding upon the Board, while the decision of the Board is not binding upon the court. See, e.g., *Goya Foods Inc. v. Tropicana Products Inc.*, 846 F.2d 848, 6 USPQ2d 1950 (2d Cir. 1988).

Further, for Opposer to prevail in the South Carolina action on its claims of trademark infringement and unfair trade practices, Opposer must prove the existence of its rights in the involved marks. Thus, if the district court finds that such rights exist, the court's findings will have a bearing on Applicant's claims and more importantly, those findings would be binding upon the Board. See *American Bakeries Co. v. Pan-O-Gold Baking Co.*, 2 USPQ2d 1208 (D.C. Minn. 1986); *Other Telephone Co. v. National Telephone Co.*, 181 U.S.P.Q. 79 (Comm'r Pats. 1974); and *Whopper-Burger, Inc. v. Burger King Corp.*, 171 U.S.P.Q. 805 (T.T.A.B. 1971).

Therefore, in the interest of judicial economy, and consistent with the Board's inherent authority to regulate its own proceedings to avoid duplicating the efforts of the Federal district court and the possibility of reaching an inconsistent conclusion, Applicant respectfully requests that the opposition proceeding be suspended indefinitely, pending final determination, including all appeals and remands, of the civil actions between the parties.

Respectfully submitted,

McNAIR LAW FIRM, P.A.  
Post Office Box 10827  
Greenville, SC 29603  
864-232-4261

Date:

9/21/04

By: 

Douglas W. Kim, Reg. No. 44,828  
Attorneys for the Applicant

**CERTIFICATE OF MAILING**

I hereby certify that this correspondence is being deposited with the U.S. Postal Service as first class mail, postage prepaid, in an envelope addressed to U.S. Department of Commerce, Patent and Trademark Office, Trademark Trial and Appeal Board, 2900 Crystal Drive, Arlington, VA 22202-3513 on the date shown below.

Diane Freund

Date: September 21, 2004.

**CERTIFICATE OF SERVICE**

I hereby certify that I deposited a true copy of the foregoing *Applicant's Motion to Suspend Opposition Proceedings Pending the Outcome of Civil Litigation Case No: 8:04-CV-1397-27 Pending in the United States District Court, District of South Carolina* with the U.S. Postal Service as first class mail, postage prepaid, addressed to Opposer, Hill Design, Inc., namely, Garfield Goodrum, Hill Design, Inc., 631 Town Hill Road, Reading, VT 05062 on the date shown below.

Diane Freund

Date: September 21, 2004.

## Chapter 500

### STIPULATIONS AND MOTIONS

motion, or upon stipulation of the parties approved by the Board.<sup>153</sup> Some of the most common reasons for suspension are discussed below.

#### 510.02 Suspension Pending Outcome of Another Proceeding; Resumption

##### 510.02(a) Suspension

Whenever it comes to the attention of the Board that a party or parties to a case pending before it are involved in a civil action which may have a bearing on the Board case, proceedings before the Board may be suspended until final determination of the civil action.<sup>154</sup>

Most commonly, a request to suspend pending the outcome of another proceeding seeks suspension because of a civil action pending between the parties in a Federal district court. To the extent that a civil action in a Federal district court involves issues in common with those in a proceeding before the Board, the decision of the Federal district court is often binding upon the Board, while the decision of the Board is not binding upon the court.<sup>155</sup>

<sup>153</sup> See 37 CFR § 2.117, and *Opticians Ass'n of America v. Independent Opticians of America Inc.*, 734 F. Supp. 1171, 14 USPQ2d 2021 (D.N.J. 1990), *rev'd on other grounds*, 920 F.2d 187, 17 USPQ2d 1117 (3d Cir. 1990).

<sup>154</sup> See 37 CFR § 2.117(a); *General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 USPQ2d 1933 (TTAB 1992); *Toro Co. v. Hardigg Industries, Inc.*, 187 USPQ 689 (TTAB 1975), *rev'd on other grounds*, 549 F.2d 785, 193 USPQ 149 (CCPA 1977); *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 125 (TTAB 1974), *petition denied*, 181 USPQ 779 (Comm'r 1974); *Tokaido v. Honda Associates Inc.*, 179 USPQ 861 (TTAB 1973); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805 (TTAB 1971); and David B. Allen, *TIPS FROM THE TTAB: Impact of TTAB Decisions in Civil Litigation: The Alphonse-Gaston Act*, 74 Trademark Rep. 180 (1984).

<sup>155</sup> See, for example, *Goya Foods Inc. v. Tropicana Products Inc.*, 846 F.2d 848, 6 USPQ2d 1950, 1954 (2d Cir. 1988) (doctrine of primary jurisdiction might be applicable if a district court action involved only the issue of registrability, but would not be applicable where court action concerns infringement where the interest in prompt adjudication far outweighs the value of having the views of the PTO); *American Bakeries Co. v. Pan-O-Gold Baking Co.*, 650 F. Supp. 563, 2 USPQ2d 1208 (D.Minn. 1986) (primary jurisdiction should not be invoked where, *inter alia*, a stay of the district court action is more likely to prolong the dispute than lead to its economical disposition and where the district court action includes claims which cannot be raised before the Board); and *Toro Co. v. Hardigg Industries, Inc.*, 187 USPQ 689, 692 (TTAB 1975), *rev'd on other grounds*, 549 F.2d 785, 193 USPQ 149 (CCPA 1977);

*Cf. Larami Corp. v. Talk To Me-Programs Inc.*, 36 USPQ2d 1840, 1844-1845 (TTAB 1995) (district court finding concerning priority of use not binding in view of differences in interpretation of Section 7(c) by Board and court, and finding regarding priority of secondary meaning not binding because said issue was not involved in the Board proceeding); Marc A. Bergsman, *TIPS FROM THE TTAB: The Effect of Board Decisions in Civil Actions; Claim Preclusion and Issue Preclusion in Board Proceedings*, 80 Trademark Rep. 540 (1990); and David B. Allen, *TIPS FROM THE TTAB: Impact of TTAB Decisions in Civil Litigation: The Alphonse-Gaston Act*, 74 Trademark Rep. 180 (1984).

## Chapter 500 STIPULATIONS AND MOTIONS

Further, pursuant to 37 CFR § 2.117(a), the Board may also, in its discretion, suspend a proceeding pending the final determination of another Board proceeding in which the parties are involved,<sup>156</sup> or a civil action pending between the parties in a state court,<sup>157</sup> or a foreign action between the parties, wherein one party challenges the validity of a foreign registration upon which the other party's subject application is based,<sup>158</sup> or even another proceeding in which only one of the parties is involved.<sup>159</sup>

Ordinarily, the Board will suspend proceedings in the case before it if the final determination of the other proceeding will have a bearing on the issues before the Board.<sup>160</sup>

Suspension of a Board proceeding pending the final determination of another proceeding is solely within the discretion of the Board; the court in which a civil action is pending has no power to suspend proceedings in a case before the Board,<sup>161</sup> nor do parties or their

<sup>156</sup> Cf. *The Tamarkin Co. v. Seaway Food Town Inc.*, 34 USPQ2d 1587, 1592 (TTAB 1995) (suspended pending outcome of ex parte prosecution of opposer's application).

<sup>157</sup> See *Mother's Restaurant Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983) (state court infringement action); *Professional Economics Incorporated v. Professional Economic Services, Inc.*, 205 USPQ 368, 376 (TTAB 1979) (decision of state court, although not binding on the Board, was considered persuasive on the question of likelihood of confusion); and *Argo & Co. v. Carpetsheen Manufacturing, Inc.*, 187 USPQ 366 (TTAB 1975) (state court action to determine ownership of applicant's mark and authority of applicant to file application).

<sup>158</sup> See *Marie Claire Album S.A. v. Kruger GmbH & Co. KG*, 29 USPQ2d 1792 (TTAB 1993) (opposition suspended pending decision of German court on validity of foreign registration which is the basis of the U.S. application involved in the opposition).

<sup>159</sup> See *Argo & Co. v. Carpetsheen Manufacturing, Inc.*, *supra* (state court action between applicant and third party to determine ownership of applicant's mark).

<sup>160</sup> See 37 CFR § 2.117(a) and, for example, *General Motors Corp v. Cadillac Club Fashions, Inc.*, 22 USPQ 1933 (TTAB 1992) (relief sought in Federal district court included an order directing Office to cancel registration involved in cancellation proceeding); *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 125 (TTAB 1974) (decision in civil action for infringement and unfair competition would have bearing on outcome of Section 2(d) claim before Board), *petition denied*, 181 USPQ 779 (Comm'r 1974). See also *Tokaido v. Honda Associates Inc.*, 179 USPQ 861 (TTAB 1973); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805 (TTAB 1971); and *Martin Beverage Co. v. Colita Beverage Corp.*, 169 USPQ 568 (TTAB 1971).

But see *Boyds Collection Ltd. v. Herrington & Co.*, 65 USPQ2d 2017 (TTAB 2003) (petitioner's motion to suspend filed after trial denied as untimely, and in any event, petition was dismissed since petitioner's only proffered evidence had been stricken); *E.I. du Pont de Nemours & Co. v. G.C. Murphy Co.*, 199 USPQ 807, 808 n.3 (TTAB 1978) and *Ortho Pharmaceutical Corp. v. Hudson Pharmaceutical Corp.*, 178 USPQ 429 (TTAB 1973) (in each case, a motion to suspend filed after the conclusion of testimony and briefing periods, when the Board proceeding was ready for decision, was denied).

<sup>161</sup> See *Opticians Ass'n of America v. Independent Opticians of America Inc.*, 734 F. Supp. 1171, 14 USPQ2d 2021 (D.N.J. 1990) (district court has no control over Board docket and no power to stay Board proceedings), *rev'd on other grounds*, 920 F.2d 187, 17 USPQ2d 1117 (3d Cir. 1990).

### CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the U.S. Postal Service as first class mail, postage prepaid, in an envelope addressed to U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, P.O. Box 1451, Alexandria, VA 22313-1451 on the date shown below.

Diane M. Freund

Date: October 4, 2004.

### CERTIFICATE OF SERVICE

I hereby certify that I deposited a true copy of the foregoing *Pleadings From Civil Action Case No: 8:04-CV-1397-27 Pending in the United States District Court, District of South Carolina* with the U.S. Postal Service as first class mail, postage prepaid, addressed to Opposer, Hill Design, Inc., namely, Garfield Goodrum, Hill Design, Inc., 631 Town Hill Road, Reading, VT 05062 on the date shown below.

Diane M. Freund

Date: October 4, 2004.



## Chapter 500

### STIPULATIONS AND MOTIONS

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<sup>156</sup> Cf. *The Tamarkin Co. v. Seaway Food Town Inc.*, 34 USPQ2d 1587, 1592 (TTAB 1995) (suspended pending outcome of ex parte prosecution of opposer's application).

<sup>157</sup> See *Mother's Restaurant Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983) (state court infringement action); *Professional Economics Incorporated v. Professional Economic Services, Inc.*, 205 USPQ 368, 376 (TTAB 1979) (decision of state court, although not binding on the Board, was considered persuasive on the question of likelihood of confusion); and *Argo & Co. v. Carpetsheen Manufacturing, Inc.*, 187 USPQ 366 (TTAB 1975) (state court action to determine ownership of applicant's mark and authority of applicant to file application).

<sup>158</sup> See *Marie Claire Album S.A. v. Kruger GmbH & Co. KG*, 29 USPQ2d 1792 (TTAB 1993) (opposition suspended pending decision of German court on validity of foreign registration which is the basis of the U.S. application involved in the opposition).

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<sup>160</sup> See 37 CFR § 2.117(a) and, for example, *General Motors Corp v. Cadillac Club Fashions, Inc.*, 22 USPQ 1933 (TTAB 1992) (relief sought in Federal district court included an order directing Office to cancel registration involved in cancellation proceeding); *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 125 (TTAB 1974) (decision in civil action for infringement and unfair competition would have bearing on outcome of Section 2(d) claim before Board), *petition denied*, 181 USPQ 779 (Comm'r 1974). See also *Tokaido v. Honda Associates Inc.*, 179 USPQ 861 (TTAB 1973); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805 (TTAB 1971); and *Martin Beverage Co. v. Colita Beverage Corp.*, 169 USPQ 568 (TTAB 1971).

But see *Boyds Collection Ltd. v. Herrington & Co.*, 65 USPQ2d 2017 (TTAB 2003) (petitioner's motion to suspend filed after trial denied as untimely, and in any event, petition was dismissed since petitioner's only proffered evidence had been stricken); *E.I. du Pont de Nemours & Co. v. G.C. Murphy Co.*, 199 USPQ 807, 808 n.3 (TTAB 1978) and *Ortho Pharmaceutical Corp. v. Hudson Pharmaceutical Corp.*, 178 USPQ 429 (TTAB 1973) (in each case, a motion to suspend filed after the conclusion of testimony and briefing periods, when the Board proceeding was ready for decision, was denied).

<sup>161</sup> See *Opticians Ass'n of America v. Independent Opticians of America Inc.*, 734 F. Supp. 1171, 14 USPQ2d 2021 (D.N.J. 1990) (district court has no control over Board docket and no power to stay Board proceedings), *rev'd on other grounds*, 920 F.2d 187, 17 USPQ2d 1117 (3d Cir. 1990).

## Chapter 500

### STIPULATIONS AND MOTIONS

attorneys.<sup>162</sup> However, if, as sometimes happens, the court before which a civil action is pending elects to suspend the civil action to await determination of the Board proceeding and the Board is so advised, the Board will go forward with its proceeding.<sup>163</sup>

When a motion to suspend pending the outcome of a civil action is filed, the Board normally will require that a copy of the pleadings from the civil action be submitted, so that the Board can ascertain whether the final determination of the civil action will have a bearing on the issues before the Board.<sup>164</sup> This requirement ordinarily is waived if the parties stipulate to the suspension.

The Board does not usually require that an issue be joined (that an answer be filed) in one or both proceedings before the Board will consider suspending a Board proceeding pending the outcome of another proceeding.<sup>165</sup> Such a requirement is made only in those cases where there is no stipulation to suspend and it is not possible for the Board to ascertain, prior to the filing of an answer in one or both proceedings, whether the final determination of the other proceeding will have a bearing on the issues before the Board.

If there is pending, at the time when the question of suspension of proceedings before the Board is raised, a motion which is potentially dispositive of the case, the potentially dispositive motion may be decided before the question of suspension is considered.<sup>166</sup> The purpose of this rule is to prevent a party served with a potentially dispositive motion from escaping the motion by filing a civil action and then moving to suspend before the Board has decided the potentially dispositive motion.<sup>167</sup> However, the Board, in its discretion, may elect to suspend without first deciding the potentially dispositive motion.

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<sup>162</sup> See *Martin Beverage Co. v. Colita Beverage Corp.*, 169 USPQ 568 (TTAB 1971)).

<sup>163</sup> See David B. Allen, *TIPS FROM THE TTAB: Impact of TTAB Decisions in Civil Litigation: The Alphonse-Gaston Act*, 74 Trademark Rep. 180 (1984).

<sup>164</sup> See *Forest Laboratories Inc. v. G.D. Searle & Co.* 52 USPQ2d 1058 (TTAB 1999) and *SCOA Industries Inc. v. Kennedy & Cohen, Inc.*, 188 USPQ 411 (TTAB 1975).

<sup>165</sup> See *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 125 (TTAB 1974), *petition denied*, 181 USPQ 779 (Comm'r 1974).

<sup>166</sup> See 37 CFR § 2.117(b). See also *Boyds Collection Ltd. v. Herrington & Co.*, *supra* (motion to strike petitioner's notice of reliance, its only evidence in the case, decided before motion to suspend, and granted).

<sup>167</sup> See David B. Allen, *TIPS FROM THE TTAB: Impact of TTAB Decisions in Civil Litigation: The Alphonse-Gaston Act*, *supra*.

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
ANDERSON DIVISION

ROYLCO, INC.,

Plaintiff,

v.

HILL DESIGN, INC.,

Defendant.

Case No: 8:04-1397-27

**CERTIFICATE OF SERVICE**

I hereby certify that I served the foregoing **PLAINTIFF'S MEMORANDUM CONCERNING THE ISSUE OF PRIMARY JURISDICTION** upon counsel for the Defendant, by depositing a true and correct copy of same in the United States Mail, first-class mail, postage prepaid, and addressed as follows, this 23rd day of September, 2004:

Timothy D. St. Clair, Esq.  
Dority and Manning, P.A.  
P.O. Box 1449  
Greenville, SC 29602-1449

Diane M. Freund

McNair Law Firm, P.A.  
P.O. Box 10827  
Greenville, SC 29603  
Attorneys for Plaintiff

### CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the U.S. Postal Service as first class mail, postage prepaid, in an envelope addressed to U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, P.O. Box 1451, Alexandria, VA 22313-1451 on the date shown below.

Diane M. Freund

Date: October 4, 2004.

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Diane M. Freund

Date: October 4, 2004.